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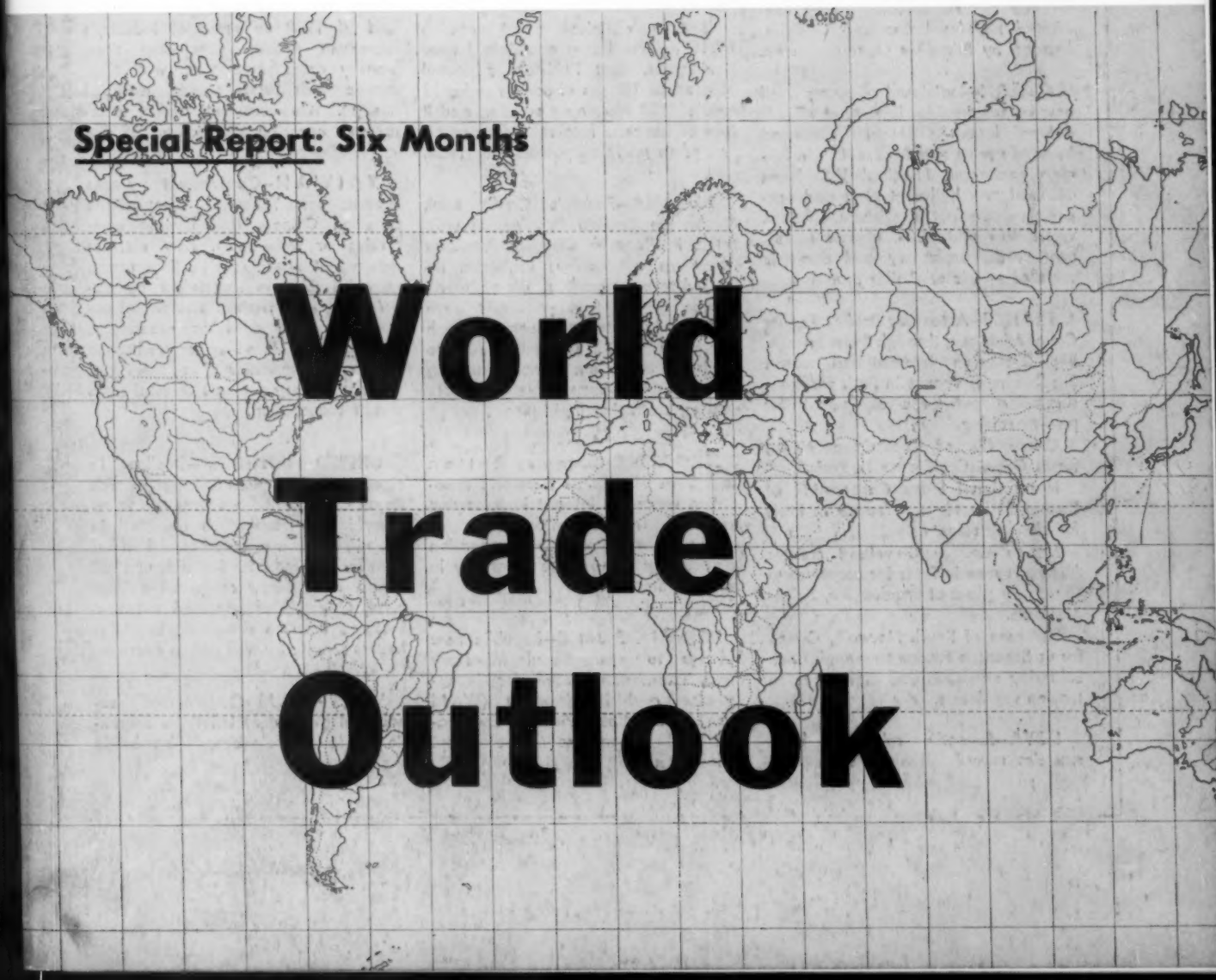

Special Report: Six Months

World Trade Outlook

Business Bulletins *from around the world*

ARGENTINA—20% surcharge on 1962-64 taxable income imposed by Government on September 1. Exempt are individuals whose income tax is less than 50,000 pesos (about $400).

AUSTRALIA—Two American oil companies developing Moonie oil field in southern Queensland planning to build 200-mile pipeline to Brisbane, Queensland's capital city and major port. Seventh successive test well on Moonie field struck oil on September 15, proving even more conclusively that commercial quantities of oil are available in Moonie, embracing at least 3½ square miles.

BURMA—Revision of tariff system to shift emphasis from revenue collection to protection, following recent abolition of Tariff Board, expected to be one of first tasks of newly constituted high-level finance committee, headed by Brigadier General Tin Pe.

CEYLON—Individual licenses will now be required for imports of 47 additional luxury or locally produced items to save about $2.5 million in foreign exchange. Principal U.S. items affected are: ballpoint pens and propelling pencils, sunglasses, frozen vegetables and fruits, electric lamps, post cards, perfumery and domestic ware of plastic or similar materials.

FRANCE—Automatic Poultry Feeder Co. of Michigan, through Swiss branch, Big Dutchman International, forms Big Dutchman France in Paris for manufacturing automatic equipment for poultry raising.

Grace Co. of Cambridge, Mass., forms Grace Co. France in Paris.

International Latex Corporation of Denver forms Playtex France in Paris for clothing sales.

McKee Co. of Cleveland creates McKee France in Paris for constructing Goodyear plant at Sandouville, Seine-Maritime.

Sorensen of South Norwalk, Conn., forms Sorensen France to manufacture soldering machines and high-precision tension regulators.

LIBYA—Recently released 1961 statistics reveal Libya's total imports dropped to $149.2 million from $169.1 million in 1960. Petroleum company imports in 1961 accounted for $35.3 million, substantial drop from $59.9 million for 1960. Nearly 75% of all imports originated in Italy ($33.3 million), United Kingdom ($28.8 million), United States ($28.5 million), and West Germany ($19.3 million). Libyan exports, on the other hand, increased from $8.7 million in 1960 to $18.2 million in 1961, reflecting first shipments of crude petroleum from September 1961 onward and amounting to $11.8 million.

PAKISTAN—West Pakistan to double capacity of Multan Natural Gas Fertilizer Factory at cost of $38.9 million. This will raise production from 250,000 to 500,000 tons of ammonium sulphate.

Modern chemical plant, costing $3.15 million, being established near Faujdarhat, East Pakistan. Expected to produce 10 tons of caustic soda, 12 tons of DDT bleaching powder, and 8 tons of benzene hexachloride annually and to go into operation by 1964.

PANAMA—People's Credit Bank (Banco de Credito Popular) inaugurated in Panama City by President Chiari as autonomous institution intended to meet credit needs of lower-income groups that generally have difficulty in obtaining loans through commercial banking channels. Also to eliminate unsound money-lending practices which have persisted despite existing restrictive legislation.

SINGAPORE—Singapore Rattan and Cane Merchants Exporters Association expresses interest in importing American rattan-manufacturing or processing machinery. Mechanization is necessary to compete favorably in overseas markets.

SOMALI REPUBLIC—Republic now belongs to International Monetary Fund, International Bank for Reconstruction and Development (World Bank), International Finance Corporation and International Development Association.

SWEDEN—At Stockholm meeting, Nordic producers decide on cut in production of newsprint intended for export, by increasing the 12% curtailment, in effect since April, to 25%. This will cut output by 100,000 tons, normal export rate being 450,000 tons annually. It is hoped that layoffs can be avoided.

European press reports that AB Rosenblads Patenters is delivering 5 complete evaporator units for sulphate waste liquor valued at 20 million crowns ($3,860,000) to the Russian chemical wood pulp industry.

SWITZERLAND—In accordance with Government's campaign to hold line against inflation, member firms of Swiss Association of Rubber and Thermoplastic Producers commit themselves not to increase prices before end of 1962 on some of industry's important products, including tires, battery cases, floor tiles, wall tiles, plastic foils and plastic artificial leather. This continues similar commitment covering first half of 1962.

TAIWAN—Government passes Statute for Technical Cooperation between Chinese and foreign companies or individuals. Law clarifies existing statutes, foreign investment, overseas Chinese investment by defining types of desirable technical cooperation and detailing procedures for fulfillment. Provides for remittance to foreign companies of royalties and other pecuniary rewards derived from statute's operation.

UNITED KINGDOM—Decline in cigarette consumption following March Royal College of Physicians report on "Smoking & Health" is reflected in drop in tobacco released from bonded warehouses. Total for first half of 1962 almost 10% below comparable 1961 level. Quantity of imported unmanufactured tobacco remaining in warehouses reportedly well above average.

VIET-NAM—Government announced (August 6) indefinite suspension of lock, padlock and glass-bottle imports.

DEPOSITED BY THE
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Largest issue

This issue of INTERNATIONAL COMMERCE is believed to be the largest in number of pages (100 including cover) ever published. The occasion is the series of articles on business conditions around the world written in the office of Regional Economics (ORE), Bureau of International Programs. Next week's issue will again include all of the usual sections, several of which are omitted this week.

International Commerce

formerly FOREIGN COMMERCE WEEKLY

October 8, 1962 — Volume 68 Number 17

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New booklet on overseas sales now available

Basic reference for businessman interested in making money in new international markets

U.S. businessmen can learn how to sell their products around the world from a new Department of Commerce booklet called "What You Should Know About Exporting."

The 44-page booklet is a basic reference for the businessman interested in making money in the new international markets.

Lists available aid

Assistant Secretary of Commerce for International Affairs Jack N. Behrman explains: "The businessman will learn about the many facilities and resources on which he can draw to enter international trade, including all those of the Department of Commerce which are at his disposal."

The booklet notes that available in the Department of Commerce are the country's "greatest repositories of the facts and figures a U.S. businessman needs to determine whether he will share in the profits of the export field, where, when, and on what scope."

Advantages listed

U.S. industry already has some strong advantages in penetrating foreign markets, the "How-To-Get-Started Handbook" points out. Consumers abroad "are eager for new products—now more than ever because of the universal rise in living standards. The U.S. businessman, long a supplier of the most demanding domestic market, can help the consumers of other nations—at a profit."

Divided into eight short chapters for easy reference to specific problems, "What You Should Know About Exporting" covers: Pinpointing Your Markets; Sizing Up Your Chances; Channels for Trading; Picking Your Overseas Partners; Handling the Order; Promoting Export Sales; If You Want to Know More; and Helpful Reading.

The booklet sells for 25 cents and is available from Commerce Department Field Offices or from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C.

TRADE OR FADE

IBM world trade head tells New York sales executives that European competition is due

Arthur K. Watson expresses confidence in ability of American salesmanship to get fair share of European market; tells his views on Common Market problems

Arthur K. Watson, president of IBM World Trade Corporation, told the members of the Sales Executives Club of New York last month that now is the time to enter the European market with American products and machines.

"Certainly we shouldn't let European competition worry us, for that is so much less important than the tremendous opportunity we have in the Common Market," he told the group. "Nobody in this room is going to have trouble with competition except temporarily, and we've all been selling against competition all our lives. We now have a little bit more, but it shouldn't worry us at all because the world is getting to be a much smaller place.

"The American business that's not marketing abroad is, in my judgment, in much the same spot as the Boston manufacturer of a hundred years ago. The Boston man developed a profitable market for his goods in the New England area. Then manufacturing commenced in the Middle West. He had to make a decision: should he stay in the New England area or should he take all the risks that were required to change his market? Some stuck to the New England area, and they are still going along today. Others expanded, and I'm sure some of them failed. But those that went on to the newer markets west of the Mississippi and really developed those markets are the great national firms of today.

Easy to reach

"Now, today London and Paris are really easier to reach than Omaha and St. Louis were back in 1862. The Atlantic Ocean is no more a barrier to trade today than the Mississippi was a hundred years ago. The Common Market and American market combined are destined to become by 1970 a trillion dollar market with half a billion—five hundred million—consumers. This requires in my mind the continuing rise in the marketing function in international business.

"As price differences fade, as our product differences fade, then the difference between success and failure in this wider market becomes selling. To sell abroad, we must know our market. We must design our products for that market, and we must get our international sales managers to be more multilingual and get to know the customs and mores of the countries in which we operate, for while the Common Market is one big territory, nationalism is still a factor. It's the same way here: the consumer in Maine probably has to be approached a little bit differently than the consumer in Texas, for example.

"So, our uncommon market gives each of us a tremendous opportunity for continued growth, and I'm sure that American salesmanship will get our fair share of the market."

"Selling" Watson said, "is at the bottom of everything. It has made all sorts of things possible in our daily lives. It's been responsible for the mass production in the United States. It's been responsible for giving us an economy of free choice. It has been that miracle ingredient that stuffs pay envelopes and fills the grocery bag to help feed, clothe and educate our children—and a myriad of other things.

"And I would think that you could remove many of the properties of a modern corporation—you could take away such things as the fine offices, the magnificient laboratories, all the experts on this and that subject—take all those

away, and the business will probably continue; yet, if you take away or even weaken selling, the business will fail.

Common market

"A word or two about the Common Market. Of course, those of us that have had a chance to see it—and I have been fortunate enough to occupy, for the last fourteen years, a 50-yard line seat in watching the development of the Common Market, I think we tend to call it the "uncommon market," because after all it's the first of its kind and was completely unpredictable. And there were previews for the Common Market.

"It's a boon to its participants. When people refer to it as an economic miracle, I certainly agree with them wholeheartedly. My conviction is that it can be a boon to the United States if we operate wisely, if we try to continue to liberalize our trading policy and the like. By the same token, it can be a curse to us if we're unwise, if we try to put up trade barriers, if we try to fight it—because just as soon as we do that they'll fight us, and we can't afford it.

"Some Europeans will tell you in the final analysis that the Common Market is nothing more than an agreement between the French farmer and the German industrialist, and the rest is merely window dressing. On a slightly broader view, some people say that the Common Market is nothing else but a customs union for Western Europe and just a minor change from the patterns as known in the past. Still for others, and I think the prevailing view, certainly in Washington—and certainly it is one with which I agree—is that the Common Market has vast economic implications. It should and must include the United Kingdom and the other outer seven countries, and it will one day create an economic power as great as our own.

"What our Administration wants is closer ties. Our President put it succinctly when he said, 'Trade or fade.' Secretary Rusk has predicted, and I quote: 'This new great center of commerce with ourselves will remain deeply interdependent. We must,' he said, 'see to it that trade shall not become a source of difference and discord between us, but a cement to bind our policies more closely together.'

"The six Common Market countries are America's biggest export customers. Last year we sold 3.6 billion dollars worth of our products to them. They bought about 25 per cent of our cotton export and about a fourth of all our tobacco export. They are good customers of ours for a long list of raw materials and agricultural products.

ARTHUR K. WATSON
President, IBM World Trade Corporation

"On the industrial side, they are a prime market for our heavy industrial equipment, specialized automotive equipment and our electronic equipment. Ironically, they're rather poor customers for the things we think typify our economy: processed foods and consumer goods. Also, ironically, we are good customers for their consumer products.

"The balance of trade is running very heavily in our favor. I mentioned our 3.6 billion dollars worth of sales to the Common Market, but we bought in turn 2.2 billion dollars from them. So, the salesmen that are involved in this job are making a tremendous contribution to improving our balance of payments, and on the commercial side, we're well ahead.

High labor input

"We mustn't forget that the typical European manufacturing plant is still small or at most medium-sized by our standards in this country. And despite Europe's race to automate, their labor input is higher than ours, and it will continue higher for some time. Furthermore, as productivity goes up in Europe, so must wages. This is happening now. And last year, as an example, American hourly labor costs, wages plus benefits, increased 3.4 per cent, while European—Common Market, that is—labor costs increased an average of 10 per cent.

"European manufacturers may well have a cost advantage over a period of time and use that to come into the American market. This advantage will probably increase as Europe becomes a mass production economy. Concurrently, our industries that are enjoying some advantages now—lower real labor costs than the Europeans—will gradually lose this advantage as Europe automates. So, what do we do about it?

"If my feeling is right about what is happening between the two great economic blocks, then some increasing challenges are going to be posed for American marketing. And let me spell this out a bit using consumer products as the example.

"Today, as I have already said, these American consumer products are only moderately successful in Europe. I don't believe this, in most cases, is a question of our manufacturing costs. It's rather a question of design. Dollar for Deutschemark, feature for feature, we can build vacuum cleaners, washers and television sets that will compete with anything made in Europe. But we won't sell them probably in Europe because we're offering in some cases too many features that Europeans don't think they really need and, at this stage of their development, can't really afford.

Improper design

"We are rarely priced out of the market, and if we lose a market, I submit that for the most part we're designed out of that market. The same thing, though less frequently, happens with industrial products. For how many years did American firms engineer their machinery for 60-cycle alternating current and then jerry-rig them for the Continent's 50-cycle? We've learned, but it took a long time.

"Every passing year creates more European consumers who can afford to buy American-size cars with maximum gas consumption, who can afford the deep-freeze and the super deluxe vacuum cleaner. Marketing's job and I am talking directly to the gentlemen in this room, is first to recognize when the market's ready. Obviously a premature move would fail; delayed action would lose the market to somebody else.

"And I would say that now is the time."

US/USSR VISITS POSTPONED

The Department of Commerce has announced that the agreed US/USSR exchange of technical delegations, to study the apparel industries of the two countries, has been postponed until the summer of 1963.

The planned visits were postponed when mutually satisfactory dates could not be arranged.

At record level

By DANIEL ROXON

International Trade Analysis Division

U.S. exports and imports both climbed to all-time highs during the first six months of 1962. Nonmilitary exports, which had set new records in each of the past two calendar years, expanded still further this year. In the first quarter shipments abroad dipped from the high rate in the closing months of 1961, then rebounded strongly in the second quarter to a new peak. For the half-year, seasonally adjusted exports were at an annual rate of $21.1 billion and 7 and 3% higher, respectively, than in the first and second halves of 1961.

DANIEL ROXON

Imports also continued to move forward in January-June to a record seasonally adjusted annual rate of $16.2 billion. The rate of increase of 3% over the second half of 1961 was, however, much below the 13% rise recorded in imports from the first to the second halves of last year. In 1961, the upsurge in imports was nearly double the rate of expansion in domestic economic activity. The slower rise in imports during the first half of 1962 was about in line with the growth in domestic business and income.

Geographic trade shifts

In 1961 the major portion of the export rise was in shipments to the booming industrial markets of Western Europe (excluding the United Kingdom) and Japan. During the first six months of this year, exports to continental Western Europe continued to rise, but sales to Canada and to the less-developed countries of Asia and Africa also expanded sharply. Shipments to Japan declined, as that country experienced balance-of-payments difficulties.

Purchases from all regions showed large increases in January-June 1962 compared with the corresponding period a year earlier. The upturn in deliveries from Canada, Japan, the United Kingdom, and Australia was particularly strong.

The export surplus in January-June 1962 was $5.0 billion at a seasonally adjusted annual rate, some $300 million more than the rate in the last half of 1961. Excluding shipments financed by Government grants and capital which declined slightly, the expansion in the export surplus was somewhat greater in rate—about $400 million. This improvement in merchandise trade position and the decrease in the net outflow of U.S. capital were the major factors contributing to the sizable reduction in the balance-of-payments deficit in the first six months of the year. The deficit of $1.4 billion, at a seasonally adjusted annual rate, represented a substantial decline from the $2.5 billion in calendar 1961. For the second quarter of 1962 alone, the improvement in the international payments position was even more marked, with the deficit falling to an annual rate of less than $1.0 billion. A considerable portion of the reduction in the balance of payments deficit this year is associated with the Canadian exchange crisis, and may be considered temporary. Conversely, any increase in our balance of payments deficit in the second half of the year resulting from the improvement in Canada's international financial position may also be considered temporary.

Machinery, grain exports

Rising sales of machinery, automobile parts, and grain again provided the major impetus in propelling total U.S. exports to the record level. Shipments of machinery, which had played a major role in the expansion in exports from 1960 to 1961, increased at an even faster pace in the first six months of this year. In contrast to 1961, however, when the greatest gains were recorded in metalworking and textile machinery and office machines, the upturn this year was dominated by power-generating apparatus, construction and excavating equipment, and a broad variety of miscellaneous service-industry equipment. Export orders for machinery are currently at a high level, suggesting that shipments of machinery are likely to be well sustained in the coming months.

A smaller but still significant increase in sales abroad of automobile parts (for assembly) was another element in the rise in exports this year. The bulk of such shipments went to Canada where automobile production expanded sharply.

Grain exports in the first six months increased by about 20% from the corresponding period of 1961. The greatest portion of the rise was in corn and other feed grains. Wheat, which had led the expansion in grain exports in 1961, dipped slightly below last year's exceptionally high level. Rice shipments, principally those under Government programs, also rose moderately.

Cotton exports slump

In contrast to the vigorous growth in shipments of foodstuffs and finished manufactures, exports of industrial materials fell sharply, reflecting a general easing in the supply position in many major markets. Exports of raw cotton, dropping by nearly 40 percent, accounted for more than one-half of the total decline. Inventory liquidation and reduced mill consumption abroad, greater availability of supplies from other sources, and increased competition from foreign producers as U.S. cotton export prices rose were the principal reasons for the loss in sales. A moderate upturn in shipments of soybeans and tobacco served only partially to offset the loss in cotton.

Import increase

All commodity categories shared in the strong upsurge in imports this year. Purchase abroad of capital equipment and consumers' goods in January-June 1962 were each about 30% higher than in the same period of last year. The rise in industrial materials and foodstuffs was less pronounced—17 and 6%, respectively.

In response to the recovery in domestic industrial output from the trough in the first quarter 1961, imports of nonferrous metals—aluminum, nickel, and tin-iron ore, steel-mill products, and crude rubber were considerably greater in January-June 1962 than in the first half of last year. Imports of petroleum were also up sharply, as purchases from Canada and Venezuela expanded to meet enlarged U.S. needs.

Deliveries from abroad of textiles, which had slowed in the first six months of 1961 from the record level of 1960, rebounded sharply in the last half of 1961 and then surged ahead in the first six months of this year. Imports of cotton cloth were particularly heavy, and may have reflected advance buying by traders here in anticipation of possible governmental actions affecting imports of cotton products.

The further increase in aircraft imports stemmed from continuing delivery of medium-range passenger and special type cargo jet planes against outstanding

orders. With the near fulfillment of these orders by mid-1962, such imports may be expected to decline in the second half of the year. Foreign car arrivals also rose over last year's relatively low level, reflecting a shift from inventory liquidation in 1960 and 1961 to inventory accumulation in the first quarter of 1962. Imports in the second quarter, however, receded as dealer here did not continue to add to stocks.

The long-term uptrend in imports of electrical and industrial machinery continued. Purchases of foreign agricultural machinery were also moderately higher this year over the corresponding period of last year.

The increase in the foodstuffs group occurred principally in cattle and in meat products, as feed-grain shortages in Canada forced reduction of herds there and consumer demand for processed meat in this country continued high. The low level of cattle slaughter in the United States also contributed to increased imports of boneless beef and veal this year.

About one-third of the total increase in U.S. exports over those of the same period last year stemmed from the sharp rise in shipments to Canada. Continuing the improvement evident in the closing months of 1961, nonmilitary sales to Canada in the first six months of this year increased by 8% from those in the first half of 1961. Shipments in the second quarter were particularly high, being exceeded in only one previous period, the third quarter of 1956, when U.S. investments in resource-development projects in Canada were at a peak.

The upturn in exports to Canada reflects not only the resurgence in economic activity there—industrial output in Canada this year is about 9% higher than in the same period of 1961—but also certain special circumstances. The heavy export movement may be attributed, in part, to an acceleration of shipments in anticipation of the devaluation of the Canadian dollar and other action by the Canadian Government to correct the imbalance in its international payments. In addition, corn and other feed grains were shipped to Canada in large quantities to supplement reduced feed supplies resulting from the drought there last year.

Aside from foods, export gains were centered primarily in industrial materials, mainly metals, and in machinery of various types. Automobile parts for assembly were also up significantly as car production in Canada rose by one-third. A moderate increase was recorded in shipments of passenger cars, but other consumer items showed little change. Deliveries of jet passenger planes dropped sharply from those in the first half of 1961.

The increase in U.S. imports from Canada in the first six months of this year was even more pronounced than the expansion in U.S. exports. Purchases were about 18 percent higher than in the first half of 1961, and comprised about one-fourth of the overall import rise. Reflecting the strong recovery in U.S. production and construction from year-ago levels, the bulk of the increase in imports from Canada consisted of industrial materials—woodpulp, lumber, petroleum, iron ore, aluminum, and nickel. Purchases for inventory may have also contributed to the heavy inflow. Arrivals of jet cargo planes, which began in mid-1961, continued strong through April, tapering off thereafter.

U.S. Total Merchandise Trade
(Billions of dollars)

Period	Nonmilitary exports	General imports	Excess of exports
1959	16.4	15.6	0.8
1960	19.6	15.0	4.6
1961	20.1	14.7	5.3
	Annual rate, seasonally adjusted		
1961, January-June	19.8	13.9	6.0
July-December	20.4	15.7	4.7
1962, January-June	21.1	16.2	5.0

Merchandise Trade by Area
(Millions of dollars)

Area	Exports, excl. "special category" [1]			General imports		
	1961		1962	1961		1962
	Jan.-June	July-Dec.	Jan.-June	Jan.-June	July-Dec.	Jan.-June
Total	9,556	9,549	9,931	6,990	7,730	8,120
Major industrial areas:						
Western Europe	3,144	3,149	3,278	1,878	2,189	2,260
EEC	1,821	1,734	1,880	1,022	1,205	1,198
United Kingdom	532	598	518	400	501	497
Japan	899	840	750	467	587	626
Canada	1,816	1,827	1,959	1,495	1,772	1,767
Other areas:						
Latin American Republics	1,630	1,750	1,629	1,656	1,558	1,758
Excluding Cuba	1,617	1,749	1,629	1,639	1,540	1,752
Near East [2]	345	330	457	181	177	169
Far East, excl. Japan	1,147	1,108	1,232	684	840	847
Africa [2]	311	354	363	334	302	376

[1] "Special category" commodities are excluded from country export data for security reasons.
[2] Egypt is included with Near East and excluded from Africa.

Prepared in the International Trade Analysis Division, Bureau of International Programs from basic data of the Bureau of the Census, U.S. Department of Commerce, September 1962.

Exports to Western Europe up

U.S. sales to Western Europe in the first six months advanced by about 4% above the high level of the corresponding period a year earlier, accounting for one-third of the total export increase. The level of industrial production there has exhibited little change since the beginning of 1962, and investment expenditures appear to have abated somewhat. Purchases from Western Europe rebounded sharply from their low level in the first half of 1961. Over one-third of the growth in total U.S. imports in January-June 1962 stemmed from expanded receipts of goods from these countries.

U.S. exports to five of the six countries comprising the European Economic Community (Common Market) expanded in the first half of the year. In contrast, sales to Italy fell off, reflecting a sharp drop in wheat shipments as improved harvests there reduced import requirements. Exports to the Community this year were particularly vigorous in feed grain and poultry, items in which trade may later be adversely affected by the adoption on July 31 of the "variable levy" system of tariffs on certain agricultural products by the Common Market countries. The bulge in shipments of these commodities in the second quarter

is attributed primarily to forward buying by EEC merchants before these new "levies" became effective. The uptrend in sales of electrical and industrial machinery to Common Market countries continued in 1962, while shipments of raw cotton, ferrous scrap, copper, and other industrial materials sagged below levels in the corresponding period of 1961.

Imports from the Common Market in the first half were nearly 20% greater than in the same period of last year. Most of the increase was about evenly divided between industrial materials—steel-mill products, nonferrous metals, textile materials—and consumer goods, mainly passenger cars and wearing apparel. Deliveries of jet passenger planes from France also increased, and the long-term growth in U.S. purchases of industrial machinery from the area continued.

With industrial output in the United Kingdom exhibiting little change this year, U.S. exports to that country remained sluggish in the first six months of 1962, dipping slightly below those in the similar period of last year. The large increase in corn shipments was more than offset by continuing declines in raw cotton, copper, and metalworking machinery. Exports of jet aircraft, however, were somewhat higher.

In contrast, U.S. imports from the U.K. in January-June 1962 were more than 25% greater than those in the first half of 1961. About half the rise was in passenger cars, which had fallen sharply last year. More moderate gains were scattered over a variety of other products, principally agricultural and industrial machinery, steel-mill products, and whisky.

Principal changes in exports to other Western European countries were increased deliveries of jet aircraft to Switzerland and heavier movements of wheat and vegetable oils to Turkey and Yugoslavia where crops were below par. Commercial sales of wheat and other grains to Spain dropped sharply in anticipation of improved harvests there.

Japanese trade

Trade with Japan was marked by convergent movements in exports and imports. Exports declined by over 15% from their record level in the first half of 1961, while imports rose sharply by more than one-third to a new peak value. The export surplus with Japan in the first six months, in consequence, shrank to less than one-third the amount in the corresponding period of last year.

The bulk of the drop in exports to Japan centered in ferrous scrap, copper, and cotton, as consumption of these commodities there eased and stocks (particularly of cotton) were reduced. Sales of metalworking and other industrial machinery to Japan, however, continuing the uptrend of recent years, advanced further reffecting the high Japanese level of fixed capital outlays.

The strong expansion in U.S. purchases from Japan consisted primarily of cotton textiles (both cloth and wearing apparel), radios, footwear, and other consumer items. More limited gains were recorded for iron and steel, plywood, and fish products.

Exports to Asia, Africa

The remaining increase in U.S. exports in January-June 1962 was in shipments to the less-developed countries of Asia and Africa. Exports to these areas were nearly 15% greater than those in the same period of last year, reflecting a marked acceleration in the utilization of economic-aid funds. Only one-fifth of the rise in shipments to these countries was in agricultural products. Larger P.L. 480 exports of grains and vegetable oils to Egypt and vegetable oils to Pakistan were largely counterbalanced by the sizable reduction in shipments of wheat to Pakistan and of cotton to India under this program.

In the nonagricultural sector, exports of industrial machinery, steel-mill products, refined copper, and fertilizers all rose sharply in the first six months of this year over year-ago levels. The bulk of the machinery and steel, financed with economic-aid loans, was shipped to India, Pakistan, and Viet-Nam. Fertilizers moved largely to Korea under an aid program and almost all of the refined copper was delivered to India. Sales of jet aircraft to Saudi Arabia and India also rose. Shipments to the Philippines, however, dropped off sharply, as that country experienced exchange difficulties, resulting in the devaluation of its currency early this year.

In response to increased U.S. economic activity, the value of imports from these less-developed countries in the first half of this year were more than 10% above that in the corresponding period of 1961. About half of the upturn stemmed from increased purchases of crude rubber, tin, and industrial diamonds. Textiles from Hong Kong and Taiwan and gem diamonds from South Africa accounted for the remaining portion of the import rise.

Exports to Latin America

U.S. exports to Latin America (exclusive of Cuba) in the first half of 1962 failed to show any improvement over their low level in the first six months of 1961. Many countries in the area experienced political and economic difficulties, leading to an intensification of government controls on their imports. Shipments to Cuba, which had dropped to $13 million in the first half of 1961 after Government controls were imposed, fell further in the second half of last year. Shipments to Cuba in the first six months of this year were less than $0.5 million, almost all in medicinals.

Despite overall stability in exports to the area, gains were registered in shipments to several countries. Increased investment outlays by American companies boosted deliveries to Argentina, and exports to Peru, Dominican Republic, and the Central American Republics also expanded. These gains were balanced by large declines in exports to Brazil and Chile. Sales of industrial machinery, locomotives, and chemicals to the area increased sharply; major declines were in trucks and aircraft and in P.L. 480 wheat shipments to Brazil.

Imports from the Latin American Republics (excluding Cuba) in the first half of this year increased about 5% over those in the same period last year. About half the rise consisted of petroleum from Venezuela, reflecting an increase in our import quota. Shifts in the area allocation for sugar imports permitted larger deliveries from the Latin American area, principally from the Dominican Republic. Scattered gains were also recorded in imports of copper, iron ore, fish, and cattle from these countries.

Imports from Cuba in the first six months of 1962 were $7 million, almost all of which arrived in January and February before the embargo on such purchases became effective. This compared to imports of $17 million in the first half of 1961.

HELICOPTER FISHING

Four aircraft designers in Yorkshire, England, are reported to have drawn designs for adapting a helicopter to ocean trawling. The design envisions a craft with a deadweight of about 400 tons that could fly 9 feet above the water. It would travel at a speed of up to 100 miles per hour to and from the fishing grounds, and have a range of 3,500 miles. Estimated cost $2.8 million.

BARBADOS UPGRADED

The U.S. Consulate at Barbados, West Indies, was elevated to a Consulate General on August 31, 1962.

Spread in wages narrowing between U.S. and competitors but hard sell is necessary

Quality, design, novelty, service and availability of product eases sales possibilities for exporters

By STEPHEN M. CONGER
European Division, ORE

Hourly labor costs in the industries of Uncle Sam's chief foreign trade competitors have been rising more rapidly than in this country during the past 8 years. This is an encouraging development for U.S. exporters, but there is still a significant spread between the United States and our principal competitors in this respect. Because of this spread U.S. exporters of manufactured products must still rely heavily on technological advances, product innovation, unit-cost advantages in certain mass-produced items, resourcefulness, and hard selling to expand their share of the world market.

Present hourly labor costs in U.S. industry averages roughly 2 to 4 times those in the industries of the principal Western European trading nations (Belgium, France the Federal Republic of Germany, Italy, the Netherlands, Sweden, and the United Kingdom) and 8 or 9 times the Japanese levels.

Although the spread is narrowing, not all U.S. industries may be participating in this trend toward more favorable overall hourly labor cost relationships vis-a-vis foreign countries.

The critical consideration in appraising the narrowing of the gap is the trend in unit labor cost relationships, reflecting the combined effect of productivity and hourly labor costs in each area. This trend was particularly favorable to the United States during the final 4 years of the 1953-61 period. Average unit labor costs for U.S. production workers declined 4 percent during those years. Available data for the other 8 countries mentioned here (not wholly comparable in several aspects) indicates that this decline was not equalled by any of those countries, although declines in Japan and Italy were almost as great.

This improving trend in U.S. unit labor cost relationships seems to have been mainly due to the more gradual rise in U.S. hourly labor costs. U.S. industrial productivity, on the other hand, has expanded less rapidly than in most of the other 8 countries mentioned here. Output per man-hour in the United States rose only 18 percent between 1957 and 1961. This rate is believed to be some 2 to 10 percentage points under the gains registered by most of our major European competitors and around half the Japanese rate. Sweden and the United Kingdom appear to have lagged slightly behind the United States in this respect.

If the recent trend in U.S.-foreign labor cost relationships is no cause for complacency, it does provide at least some grounds for optimism. The trend is moving in the right direction to benefit American exporters. Moreover, even a slight narrowing of the overall gap may reflect a sufficiently improved relationship in certain sectors to open new markets for U.S. goods.

American exporters should not lose sight of the inherent defects in any general study of hourly labor costs or unit labor costs, particularly the wide variations in production efficiency and volume of output among industries from country to country. There are also significant variations among individual companies producing similar goods within a given country. Other factors which determine a product's competitiveness in world markets include quality, design, novelty, service, and availability.

(This article is based largely on data supplied by the U.S. Department of Labor, Bureau of Labor Statistics, Division of Foreign Labor Conditions.)

About the author

Born in New Jersey. AB from Princeton University. BFT from American Institute for Foreign Trade, Phoenix, Arizona. He is Acting Chief of the Benelux Section, European Division, Office of Regional Economics. Member of the U. S. team negotiating with the Common Market at the 1960-61 GATT Conference in Geneva.

Hodges tells printers of service possibility

"The United States, and every other free nation, needs to participate more actively in the development of world trade, for it is the key to the healthy economic condition we all want", Secretary of Commerce Luther H. Hodges told the 76th annual convention of the Printing Industry of America last week.

The association held their meeting in Montreal, Canada and the Secretary's greetings were conveyed via telephone. He told the group that:

"Convening your convention in Canada, with the theme of 'Changing Markets in a Changing World,' reflects the growing awareness by all segments of your industry that it is vitally important to expand our business horizons beyond national frontiers.

"The printing industry has an important role to play in stimulating world trade. In the same manner that your creative efforts contribute to moving goods in domestic commerce, you face growing opportunities to serve in the international field. Promotional materials and instructional literature should be printed in foreign languages as friendly ambassadors for our products—too often we thoughtlessly neglect this inexpensive but effective courtesy to our customers and prospects overseas."

Growth, profits await overseas trader—Behrman

Assistant Secretary of Commerce Jack N. Behrman said last week that the Trade Expansion Act of 1962 recently passed by the Congress would promote national and business progress by enabling U.S. businessmen to compete in the booming European Common Market.

In an address to the Seventh Annual Convention, Young Bankers Division, North Carolina Bankers Association, the Commerce Department official said that the interests of the Nation and the interests of business in U.S. foreign economic policy have never been closer.

Dr. Behrman said: "The nation seeks what it has always sought—greater economic growth, greater national security. For business, growth resulting in profits is at the end of the corporate rainbow, now as always."

Rhodesia, Nyasaland ask investment for plastic floor tile industry

Recent report cites market possibilities, inducements for capital investment; power and labor supplies available

The Federation of Rhodesia and Nyasaland is seeking investments for the production of plastic floor tiles.

Report #4 from the Ministry of Commerce & Industry of the Federation contains information on inducements offered to industrialists for small-scale production of plastic floor tiles in the Federation. Tile prices would compare favorably with imported products.

Previous reports from the Federation concerning leather tanning and footwear, domestic electrical appliances, and dry cell batteries were published in the August 6th and 27th issues of INTERNATIONAL COMMERCE.

The market for floor tiles, created by building activity, is considered adequate to support local manufacture. Long-term prospects are thought to be good.

Supplies available

Asbestos, a major raw-material constituent, is produced locally at a price to offset the cost of importing plastic material ingredients.

Power, water and an unlimited supply of unskilled labor are available. A surplus of semiskilled labor, trained in other industries, is said to be available. The educational system provides for vocational training.

No plastic floor tiles are made now in the Federation. The 1961 imports represented 52% of the total value of floor-covering material imports. It is believed that the long-term trend is for increased sales of plastic floor tiles, particularly in view of anticipated construction activities.

Industrial Development Corporations in the Federation are willing to consider joint ventures with equity participation or loans, if applicants contribute reasonable amounts of capital.

Inducements

The Federation welcomes investments and does not restrict capital movements from the country by nonresidents. Such capital may be repatriated with capital gains to an external account at any time or in any foreign currency.

There are also a number of tax inducements and special-depreciation allowances for equipment.

The country's financial institutions include a central bank, 5 main commercial banks with branches in most centers, 2 discount houses, a small stock exchange and a variety of investment institutions.

Inquiries concerning possibilities in this field and questions concerning investments in general should be addressed to the Director, Industries Branch, S.R. Treasury, P.O. Box 8531, Causeway, Southern Rhodesia.

A copy of report #4 on plastic floor tiles may be obtained on loan from the Office of International Investment, Department of Commerce, Washington 25, D.C.

Australian firms want licenses

Plywood adhesives; roadbuilding equipment and machinery asked

One Australian company is interested in manufacturing plywood adhesives under license and another firm seeks a license to produce roadbuilding equipment and machinery.

❶ A manufacturer wishes to make a licensing arrangement with an American firm in order to make adhesives for use in plywood manufacturing.

Write Campbell Bros. Ltd., Campbell St., Bowen Hills, Brisbane, Queensland, Australia.

❷ A company seeks a license to manufacture roadbuilding equipment, such as road rollers with pneumatic tires.

It makes and supplies machinery and equipment to the sugar, railway, and mining industries, as well as electric power concerns and other smaller customers.

Write Bundaberg Foundry Co., North Bundaberg, Queensland, Australia.

India studying ways to expand desired industries

Surveys expected to reveal many industrial openings to U.S. firms

A series of comprehensive surveys and special feasibility studies of industries where an accelerated rate of progress is desired is being initiated in India for the purpose of mapping specific, ready-to-tap investment opportunities.

The studies are expected to turn up a large number of new industrial opportunities of interest to American corporations. The India Investment Centre who will sponsor the studies, is already looking for American collaboration in more than 60 specific industrial projects.

The Centre is an autonomous service organization that furnishes information on investment opportunities and conditions in India to potential foreign investors and assists in bringing together interested parties in and outside India. It is supported in its U.S. activities by the Agency for International Development (AID) and works in cooperation with the Commerce Department's Office of International Investment.

The first set of the studies will cover machine tools, process and control instruments and pipeline coal transportation. More rapid development of these industries is considered desirable for maintaining the pace of India's economic growth.

An advisory committee of India's leading industrial experts has been set up to guide the studies, and 3 American experts are available to assist.

Hosiery machine needle venture in Pakistan

A Lahore manufacturer wishes a joint-venture arrangement in order to make hosiery machine needles in Pakistan.

The firm is said to have been granted an import license to obtain up to $50,000 worth of equipment for the project.

Address inquiries to the Office of International Investment, Code 4-3552-1, Department of Commerce, Washington 25, D.C.

India seeking investors in steel forging industry

Seek fivefold expansion in next 4 years; know-how needed most

Exploding demand for steel forgings has created the need for expanding India's steel forging capacity by about 5 times within the next 4 years, according to Mr. M. Gopala Menon, Resident Director of the Indian Investment Centre in New York.

Mr. Menon, who directs the Centre's efforts in this country to attract American private investment in India's industry, is presently seeking American aid.

Current annual production capacity for steel forgings in India is 42,900 tons, distributed among 28 plants, but demand is expected to reach at least 180,000 tons by 1966. Since India's foreign exchange balance does not allow import bills that cannot be met out of export earnings, its Government has placed high priority on the development of forging capacity.

The major need of the steel forging industry in India is advanced technical know-how.

Inviting American manufacturers of steel forgings to join hands with India's producers, Mr. Menon drew attention to the many incentives extended by the Government of India to foreign investors. These include freedom to repatriate capital and remit earnings on government approved projects; an accelerated rate of depreciation and special development rebates which together enable a private investor to amortise about 85% of his entire investment in 5 years; and equal treatment with Indian enterprises.

The Indian Investment Centre, with headquarters in New Delhi, is a service organization established last year to assist potential overseas investors in understanding the economic conditions, laws, policies and procedures relating to business investment in India. It supplies information on specific investment opportunities and assists in bringing interested American parties together with Indian firms seeking American help.

The Centre's U.S. office is at 630 Third Avenue, New York 17, N.Y.

West Indies resort hotel looks for joint venture

A beach club organization in the West Indies seeks American capital participation in a proposed resort hotel enterprise. The promoters also wish to obtain managerial and technical assistance.

Newly established hotel businesses with facilities of 10 rooms and up are reported to qualify for a 5-year tax exemption. In addition, all inventories and construction materials needed are allowed entry free of import duty.

A copy of the surveyor's plan for a site under consideration is available on loan from the Office of International Investment, Department of Commerce, Washington 25, D.C.

Write to The St. Vincent Shipping Co., Ltd., P.O. Box 27, St. Vincent, West Indies.

Electric products firm in Korea seeks help

A Seoul, Korea producer seeks a licensing arrangement and capital participation to modernize plant facilities and also to improve the quality of its production of pumps, turbines, diesel generators, electric motors and transformers.

The licensing agreement should include the supply of technical help to train local personnel.

An estimate of additional industrial machinery required and a brochure on its plant and production are available on loan from the Office of International Investment, Code 3-3621-1, Department of Commerce, Washington 25, D.C.

French companies request licenses

Devices to treat water and gas; pharmaceutical and chemical items; furnace cranes included

Three French companies want to make the following products under licenses from American firms—chemical and para-chemical products and devices to treat water and gases; pit, stripper, and ladle cranes and chargers for annealing furnaces; and pharmaceutical specialties.

• One firm seeks American licensing rights on chemical and para-chemical products as well as apparatus and devices to treat water and gases.

It is especially interested in products suitable for hospital use. The firm specializes in the manufacture of activated carbon, chemical products, and apparatus for the treatment of water and air.

Write Soc. Nouvelle Pica, S.A., 60 rue de Saussure, Paris 17e.

• A manufacturer of material-handling equipment wants licensing rights to make pit, stripper, and ladle cranes and chargers for annealing furnaces.

It specializes in all types of lifting and material-handling equipment.

Write to Ateliers de Constructions d'Argent, 158 Ave. de Suffren, Paris 15.

• A firm specializing in the manufacture of pharmaceuticals seeks licensing rights from American manufacturers. It is interested in all types of U.S. pharmaceutical specialties.

Write Laboratories Cassenne, S.A., rue de la Pepiniere, Paris 8e.

Scottish concerns want new products

Two Scotch firms seek assistance from U.S. manufacturers. A manufacturer of wooden barrels wants to make additional items in cooperation with an American firm and another company wants to make various U.S. food products.

• A firm engaged in the manufacture, repair, and reconditioning of wood and steel barrels wants to expand its present line or undertake new lines in cooperation with an American firm.

It states that it has adequate capital and good connections with whisky distillers, and oil and chemical firms.

Write to Clark Hunter, Ltd., St. James' Cooperage, Greenhill Rd. Paisley, Scotland.

• A food products manufacturer wants to manufacture American food products.

It now makes and sells pudding powders, desserts, cake mixes, jellies, and soft-drink crystals.

In addition to manufacturing, it will also package and distribute any food products it makes.

Write Creamola Food Products, Ltd., 114 Cornwall St., Glasgow, S.1.

British firms offer or seek licenses for special equipment or accessories

Product range includes civil engineering, processing industry, and shop and storage equipment; automotive accessories; model railway controllers or hydraulic roof supports

Licenses for civil engineering, processing industry, and shop and storage equipment, as well as automobile accessories, are sought by 4 English firms.

Two other manufacturers offer licenses for model-railway controllers or hydraulic roof supports.

• An English firm seeks licensing rights to manufacture and sell specialized plant items such as filters, dryers, mixers, mills, and fabricated valves for the process industries. It has facilities for fabrications in stainless and carbon steels, nickel, Monel metal, and other nonferrous alloys.

The firm now makes fabrications for the chemical, food, brewing, pharmaceutical and cosmetic industries.

Write Metaducts, Ltd., Catherine Wheel Rd., Brentford, Middlesex, England.

• A manufacturer of adjustable shopfittings, self-service store equipment, and storage equipment seeks licensing rights to produce similar U.S. products.

Its light engineering shop can handle press work up to 80 tons, welding of all kinds, and general fabrication and engineering.

Write Church & Co. (Fittings) Ltd., 26 South St., Reading, Berks.

• A civil engineering firm with manufacturing facilities is interested in a license to produce American machinery. It can produce civil-engineering machinery such as winches, concrete mixers, chemical-injection equipment, shovels, and heavy mine equipment.

The firm is willing to establish a sales organization to market any equipment it is licensed to make.

Write The Cementation Co., Ltd., Bentley Works, Doncaster, England.

• A company that manufactures and distributes automobile and motorcycle accessories is interested in a license to produce additional items.

It has a 65,000 sq. ft. factory equipped to do press work, turning, sewing, and other operations. The firm says it has adequate capital to install special equipment.

Write Britax (London) Ltd., Proctor Works, Chertsey Rd., Byfleet, Surrey, England.

License offered

• A manufacturer of transformers, chokes, and coils seeks capital to expand operations and offers a license for the manufacture of a unique controller for model railways.

To meet the expected demand for its products, the firm is building a new factory for which it needs capital. It also wants to purchase additional equipment. The firm is inviting financial participation on any suggested, reasonable terms.

The model-railway controller is a 4-ampere transformer and rectifier and combines 4-speed controllers which supply 12 volts d.c. It also supplies power at 16 volts a.c. One of the outstanding features of the controller is its ability to control the speed of locomotives to a crawl.

Write to Telio, Ltd., Stakes Hill Rd., Waterlooville, Hants.

Visits U.S.

• Another firm is interested in licensing an American firm to manufacture its hydraulic roof supports.

Its hydraulic props and powered roof supports are used principally by the coal-mining industry. It has licensees in France, Germany, and Japan.

The Deputy Managing Director of the British firm will be in the U.S. until the end of October and may be contacted at the Dowty Corp., 409 Jefferson Davis Highway, Arlington 2, Va. The firm's home address is the Dowty Mining Equipment, Ltd., Ashchurch, Gloucester, England.

Philippine film, hardware venture is proposed

An established Manila businessman seeks a joint venture for the production of construction and furniture hardware in the Philippines.

He is also interested in any light manufacturing enterprise which would produce items for the construction industry.

His business activities consist of running a chain of theaters and producing movies which could be marketed in the U.S. Owner also has capital available for such a venture with an American film distributor.

Write to Mr. Leon P. Lopez, Lopez Movie Enterprises, Inc., Center Theater Bldg., Manila.

Libyan construction firm looks for joint venture

A Tripoli firm of contractors seeks American participation to exploit investment possibilities offered by construction projects in Libya.

The company has equipment which consists mainly of trucks and wishes to associate with a U.S. enterprise geared to engage in overseas projects.

The projects which offer possibilities are oil pipelines, airports, harbor reconstruction, and housing.

Qualified American investors are urged to write to Associated Contractors, 5 Toselli St., P.O. 582, Tripoli, Libya, cable name: ASCOLIBYA.

Canadian hardwood firm wants to sell business

A distributor and wholesaler of hardwoods wishes to sell its entire business for about $275,000.

In addition to the business, the selling price includes a 175,000 foot lot, 3 trucks, 2 lift trucks, a steel, 120x60 foot warehouse, and a garage for repair work.

The purchase of an inventory of about 1 million feet of hardwoods would be negotiated.

Write H. Boisse Lumber, Inc., 8400 Gagnon St., St. Leonard de Port Maurice, P.Q., Canada.

Red Sea lobster venture presents opportunity

An Egyptian firm seeks American capital participation to exploit Red Sea lobster resources and to export to the U.S.

The company believes there is a good potential as Red Sea lobsters are not being commercially exploited now.

It would probably be necessary for an interested American party to conduct surveys of the fishing grounds and to initially manage directly the operations of a fishing fleet.

The U.A.R. government owns 50% of the company. Plant facilities consist of a small, modern freezing plant which caters to the Egyptian market.

Further information can be obtained by writing to Mr. Alexander Sarpakis, The Red Sea Company, Hurghada, United Arab Republic.

SOUTH EAST ASIA PROBLEM: A meeting of part of the China—Southeast Asia section shows, left to right, William Riley, Emily Lloyd, Maurice Kogon, Chief Paul Mayer and Dan Szabo coordinating plans for a visit to this far-away area of an American businessman preparing to enter the market there.

A team of experts

Hong Kong, Bangkok, Phnom-Penh—if you want to deal with a Far Eastern market, you will be especially interested in the way in which the Bureau of International Programs' China-Southeast Asia Section operates. It is fairly typical of the manner in which the various sections in the office of Regional Economics are conducted.

The shirt sleeve photo bears witness to the fact that there is minimal formality among Chief Paul Mayer, and country specialists Dan Szabo, Maurice Kogon, Bill Riley, and Emily Lloyd. Not shown in the photo are Larry Luther, country specialist and secretary Ruth Becker.

The team of five analysts and chief collectively claims 1½ PhD's, 4 MA's, 5 BA's, 1 BS, 2 Phi Beta Kappa keys, and birth certificates from Germany and Hungary as well as from New York, Iowa, North Dakota, and California. Communal linguistic facility in German, Hungarian, French, Italian and Spanish has been gained from study and travel abroad ranging from North Africa and Europe to Scandinavia, Japan, and even Antarctica.

Typical day

The group's efforts are aimed at promotion of exports, investment and travel among the several countries it covers and the United States. Here is a fair sampling of the team's field of operations.

The eight-thirty starting gun finds Maurice Kogon gathering market information on Taiwan's budding television industry in an effort to analyze prospects for American sales of TV sets and equipment. This job, like those of the other analysts, will be approached in terms of pointing out to the American business community, through pamphlets, articles and conversations with businessmen, that Taiwan's rapid economic development in recent years has opened up many new opportunities for U.S. exports and private investment.

Later in the day, Maurice and Paul Mayer are consulted by an American ex-

porter representing an electrical appliance manufacturer. In order to approach the Colony's market on a sound footing, he must obtain basic data about the Hong Kong economy, such as import patterns over several years, duties, restrictions and licensing controls, building and construction activity, and those merchandising techniques that are particularly effective in Hong Kong. After discussing aspects of marketing in Hong Kong, the exporter decides to have the Department do a trade contact survey.

As a change of pace, Maurice will spend several days in October at the Western Tool Exhibit in Los Angeles, where he will explain the wide range of trade promotion services offered by the Department of Commerce.

Paul Mayer leaves to attend a meeting where, together with a New York attorney and some lawyers from the Department's Office of General Counsel, he discusses whether a company should be granted a charter under the China Trade Act, whereby it would be exempted, under certain conditions, from U.S. corporate income tax. He may go from this gathering to a meeting at the State Department of the Office of Southeast Asia Affairs, where political and commercial problems are coordinated.

Throughout the day, Ruth Becker, the Section's secretary works with Paul in coordinating and integrating office activities with the requests and visits from businessmen and Government officials. This is in addition to her regular duties of typing, filing, and handling office communications.

Dan Szabo is Desk Officer for Viet-Nam, Cambodia, Laos, French Polynesia and New Caledonia. He has successfully integrated a heavy publication schedule with his other activities, and since September 1960 has produced six World Trade Information Service (WTIS) reports, as well as numerous articles for *International Commerce* on current economic and business developments. He recently spent two weeks at the Chicago International Trade Fair, where he manned an exhibit on Commerce's promotional activities and was interviewed on radio. He is currently involved in promoting a joint venture between an American and Cambodian interests for the first major private manufacturing venture in Cambodia.

Thailand team

Larry Luther and Bill Riley constitute the Thailand team. Paul Mayer guides them in a special way, since he handled the Thai desk until a short time ago and is the author of a recently published Commerce market study entitled, *Thailand—A Market For U.S. Products*. Bill, a former Naval Officer, just returned to the Thai Desk after spending several months on special assignment and has plunged into the heavy schedule of projection studies, country papers, and inquiries from U.S. businessmen. Larry Luther recently initiated action to obtain relief for American pharmaceutical exporters caught by a sudden steep increase in Thai import tariffs. Both desk officers are very active in the sometimes erratic U.S.-Thai business relations. Among other interests, they recently participated in negotiations concerning the export of $1.8 million worth of textile machinery and a $7.5 million sale of diesel locomotives to Thailand.

All of the analysts have just completed a rush job for the Department's policy-making officials, submitting general economic, fiscal and business information on the areas they specialize in. The information will help guide this country's export and general international policy makers. Such a project involves cooperation of the group with the Department's International Trade Analysis Division and the Census Bureau.

Sewing machine plant

A U.S. firm asks about the feasibility of opening a sewing machine plant on Taiwan. To formulate a reply, the country specialist obtains production data from the industrial specialist in the Department's Business and Defense Services Administration (BDSA), trade data from the International Trade Analysis Division, and advice from the Office of International Investment in the Bureau of International Business Operations (BIBO).

Recently Emily Lloyd was visited by a woman who wanted to import cashmere sweaters to sell, as well as by a Hong Kong manufacturer of hot dogs and ice cream who was planning to buy American machinery. He was apprised of possibilities for financing export orders through the Export-Import Bank and other financial institutions. She then arranged with the Trade Initiation Division of BIBO to set up appointments with local firms of this nature and asked Field Offices to have the visitor tour similar plants in New York and California.

Query to Consulate

A Boston firm has just received up-to-the-minute data on the Hong Kong feed grain industry. Following the firm's initial phone request, a survey of the files, calls to BDSA and to the Department of Agriculture revealed that more detailed information was necessary. The country specialist sent an interim reply to the inquirer, and an airmail request to the American Consulate General in Hong Kong for detailed servicing of the inquiry. A few days later, the Commercial Attache at the Consulate supplied the information, which the Hong Kong desk passed on to Boston. The entire process occupied a relatively few days, having been serviced collectively by several Commerce divisions, the Consulate General, and the Departments of State and Agriculture.

The pressure on country specialists of multitudinous and widely variant duties and on the section chief who must coordinate all these activities, are offset by the visible results of the challenging promotional work and by the many interesting people the group work with and for.

Travel Service publishes list of special events

A list of over 300 forthcoming special events in the United States is now being distributed abroad by the U.S. Travel Service, U.S. Department of Commerce, as an aid to travel agents and carriers in recommending the most interesting itineraries for U.S.-bound tourists from around the world.

The pamphlet, published in English, French, Spanish, Portuguese, Italian and German, lists a wide variety of trade and business shows, fairs, cultural, and sports events to be held throughout the United States. It gives the prospective visitor many choices from which to select according to his individual interests.

Approximately 350,000 copies of the pamphlet are being distributed by the nine USTS offices overseas.

Among the events listed are: Aloha Week on Oahu Island, Hawaii; the Mardi Gras in New Orleans; and such unique festivities as the Ozark Folk Festival in Eureka Springs, Ark.; the Women's National Bear Hunt in Kalkaska, Mich.; and the Taos Indian Turtle Dance Ceremonies in Taos, N.M.

CLOSER U.S.-CANADIAN TIES

The Chamber of Commerce of the United States will participate in a study of the possibility of closer economic integration with Canada. The subject will be taken up at the October 11-12 meeting of the Canada-United States Committee, maintained jointly by the Canadian and United States Chambers. The meeting will be held at the Park Plaza Hotel in Toronto.

OVERSEAS VISITOR: Draper Daniels, National Export Expansion Coordinator and Edward Gudeman, Under Secretary of Commerce greet Burgomaster Wihelm Kaisen of Bremen, Germany. On the right is Herbert W. Klotz, Assistant Secretary of Commerce for Administration. Mayor Kaisen was a member of a delegation of officials from Germany who is visiting in the U.S. on means of improving trade relations.

Germans tour U.S. seeking traffic for Bremen port

Senator and Lord Mayor visit to discuss business increase

"We feel there is now a good market in Germany for high quality American merchandise of many types" declared Senator Herman Wenhold, vice president of the Bremen Chamber of Commerce, in an informal discussion of American-German trade possibilities with Department of Commerce officials Friday, September 28.

Senator Wenhold is a member of an unofficial German mission, headed by the Honorable Wilhelm Kaisen, burgomaster of Bremen, which is touring the U.S. in the interests of increased traffic for the Port of Bremen. The group was welcomed to the Department of Commerce by Assistant Secretary Herbert W. Klotz, and briefed on the Export Expansion Program by National Export Coordinator Draper Daniels.

During a two-hour informal discussion, the Bremen group said the Common Market had demonstrated that more trade was better for everyone. They said that the German people are buying articles they never had before. He cited American products from tools to meat as being in demand.

The Germans said the present Common Market was just a start and they hoped that Britain would become a member soon and later the whole Atlantic community. Burgomaster Kaisen said the Common Market had shown the Germans the value of more trade in stabilizing production and the economy. He added, "The Common Market has not changed trade or reduced competition, it has just opened the way for more. But there are many barriers still to be removed before free trade really exists."

Eugene M. Braderman, Director of Commerce's Bureau of International Programs, said increased trade and the removal of barriers to it, must start with practical things. He cited as an example the regulation requiring American meat to be unfrozen in Germany at the time of inspection. This caused a marketing problem for American packers. He said the U.S. was willing to work out reciprocal inspection procedures to facilitate trade, but that it required German cooperation. He urged the mission to help.

Burgomaster Kaisen said he agreed that something should be done about this, and added: "Our meat is so tough we can hardly bite it, while the American meat is good, I would like to see it shipped in freely. The problem is that our German people have a complex about Trichinosis [though this does not apply to beef], and our Farmers' Law is now an obstacle to inspection not only in the United States, but our city people have been asking for a change in the law."

Mr. Daniels told the Bremen city official, "it looks like we are salesmen driven into each others' arms by a common interest." He asked if the Bremen group could supply him with information on the markets in Germany and arguments for shipment through the Port of Bremen. Burgomaster Kaisen said a booklet would be provided and Mr. Daniels agreed to supply the 34 Commerce Field Offices and American businessmen with the information.

Most imports to Colombia now need prior licenses

All but 18 Colombian tariff positions have been transferred by decree of September 18 from the license-free to the prior-license list, the U.S. Embassy in Bogota reports.

The decree, effective through December 31, now leaves only the following on the license-free list (item number shown in parenthesis): myrrh (93-b-1), incense (93-b-2), radium (214-a), certain gases for anesthesia including nitrous oxide and ethylene (217-i-1), culture media for development of bacteria (287-b-9), morphine (288-a-1), diacetyl-morphine (288-a-2), codeine (288-a-3), other opium alkaloids, derivatives, synthetic substiutes and their salts (288-a-4), cocaine and its salts (288-b), human blood plasma (289-b-1), synthetic human blood plasma (289-b-2), newsprint (419-e), printing type of base metal (814-a, 814-b), cliches and plates of base metal, for printing on paper (815), steam rail locomotives, including tank engines (879), and electric and diesel locomotives (880).

GUIANA TOBACCO IMPORTS

British Guiana's imports of unmanufactured tobacco continued upward through 1961. Imports last year totaled 813,000 pounds, compared with 740,000 pounds in 1960 and the 1955-59 annual average of 712,000 pounds.

Mexico best Latin Market

By WILLIAM A. RAFFERTY
American Republics Division, ORE

Despite the persistent slippage in the U.S. share of its market, Mexico continues to be our best Latin American market particularly for production goods. Prospects are that the second-half of '62 will show a modest increase in our sales to that country over the amount recorded for the first semester. This expectation is based on the normal seasonal upturn, coupled with signs of some recovery from the sluggishness which characterized the Mexican economy for the past year and more.

WM. A. RAFFERTY

While there are reports that Mexican exports may not increase as sharply as earlier samplings had indicated, expectations are that this may be a banner year for tourism, and Mexico's net on travel account goes far to bridge the gap between its exports and imports. The country has drawn up economic development plans and has received substantial amounts of international financing, which, while their immediate (1962) impact may be small, offer prospects of a higher level of imports in future years.

Mexico still best LA customer

United States exports to Mexico in the first half of 1962, including reexports, amounted to $374.6 million as Mexico remained our first-ranking Latin American customer. However, these sales by U.S. exporters were substantially below the seasonally-bolstered $411.5 million registered in the last half of 1961, and also were under the $385.1 million recorded in the first half of that year.

This decline results from the lower level of economic activity in Mexico, which caused a fall-off in total imports—and the imposition of tighter import licensing policies. However, the decline in U.S. sales also reflects the continuing attrition of our share of the Mexican market, arising from the intensive competition of other supplying countries. Mexican trade data reveal that total imports in the first half of this year ($557.6 million) were about 1.5% below entries in the similar period of last year ($565.4 million). However, they show, too, that imports from the U.S. fell off by just under 4%. The United States share of the Mexican market, according to these data, was 68.2% in January-June 1962, compared with 69.8% in calendar year 1961.

Import pattern shifts

Commodity-wise, production goods continued to account for over 80% of Mexico's total foreign purchases. Within this broad field there were various shifts, reflecting in part—but by no means entirely—Mexico's increasing industrialization. For example, valuewise, imports of automobiles for assembly, machinery parts, chemical fertilizers, and insecticides rose, while purchases abroad of industrial machinery, trucks, tractors and tractor parts, auto parts, and petroleum products declined. U.S. export data for the first six months of 1962 generally showed similar trends.

On the export side, Mexican shipments during the first six months of 1962, ($453.8 million) were up about 7% over the similar period of 1961 ($423.6 million). Major gains were recorded in cattle and meat, ginned cotton, tomatoes, petroleum products, sulfur, and chemical products. Declines were noted in such products as sugar; lead, zinc, and copper; and assorted minor items. Some official sources noted a decline in the rhythm of exports during the second quarter, but felt that all factors considered the year-end balance of payments should be favorable.

Exchange holdings

President Lopez Mateos in his State-of-the-Union address on September 1, 1962, announced that foreign exchange reserves as of August 31, amounted to $417 million ($382.4 million a year ago), buttressed by an additional $345 million available from Stand-by arrangements with the International Monetary Fund and the Export-Import Bank.

Mexico's net on travel account should rise, if travel volume holds up during the remainder of the year. Preliminary figures for the first six months of 1962 show tourist arrivals to the interior to be up 19 percent over the similar period of 1961.

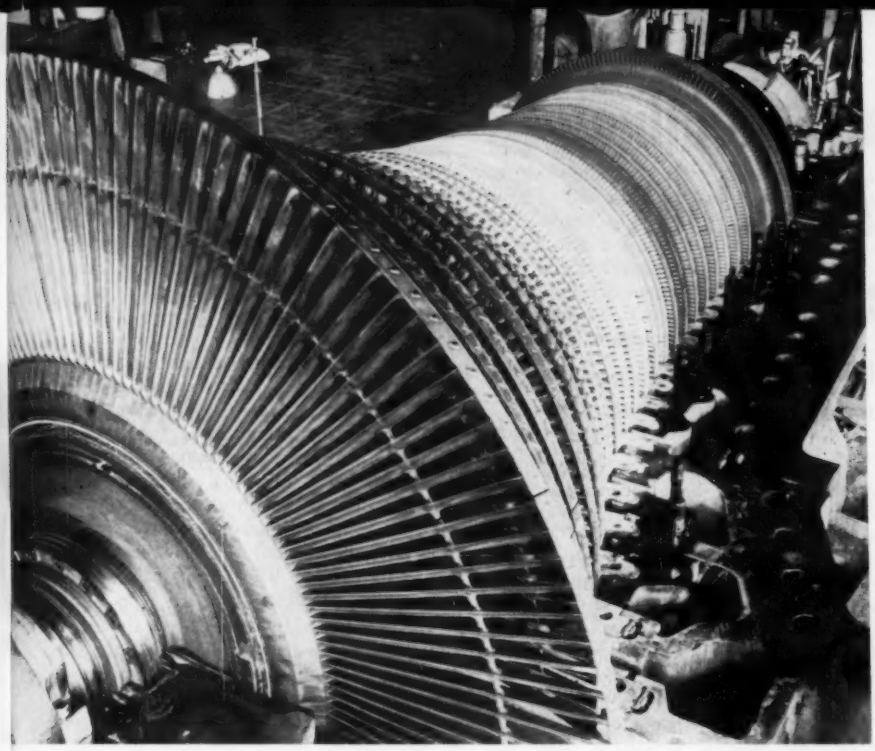
Business picking up

Business activity, sluggish for some time, reportedly now is picking up. Some sources predict that if activity-levels continue, the increase in GNP over 1961 might reach 4.5 to 5%. (GNP in 1961 rose 3.5% over that of 1960). However, as of July at least, there was no particular evidence of an upturn in private investment, either domestic or foreign. In this connection, various factors apparently have exerted a deterring effect on foreign investors. These include the continuing pressures for Mexicanization, and, most recently, Mexican actions:

❶ requiring that production of automotive vehicles and typewriters be composed within a certain time, of a majority by value of Mexican-produced components;

Received $260.3 million

International financing made available to Mexico since the first of the year includes $5.8 million from the Inter-American Development Bank for irrigation projects in the States of Colima, Zacatecas, and Guerrero; $9 million from the same organization for construction of water supply and sewage facilities in various towns of the Yucatan Peninsula; $1 million from the International Bank for Reconstruction and Development (IBRD) to increase agricultural output in the State of Yucatan; $14.5 million from the Export-Import Bank for the purchase of locomotives and track maintenance equipment by the National Railways of Mexico; $130 million from IBRD for the development of electric power, plus an additional $30 million for the construction of toll highways and bridges; and $20 million from AID to increase agricultural productivity through the extension of medium and long-term farm improvement credits. In addition, Petroleos Mexicanos, the Government Petroleum Monopoly, received $50 million from private U.S. financial institutions to refinance short term obligations.



MEXICAN POWER PLANT: Impulse wheel for one of two turbines of this size in new plant recently built at Lecheria, 13 miles north of Mexico City. The peripheral velocity exceeds 1000 kilometers per hour.

❷ cancelling private coal mining concessions held prior to enactment of the Constitution of 1917, on the grounds that recognition of such concessions was inconsistent with Constitutional provisions (concession holders may, however, reapply for concessions, but subject to the provisions of existing mining legislation which require that Mexican capital participation be at least 66%); and;

❸ ratification of the year-end 1961 amendment to the Constitution providing for profit sharing by employees, and further restricting employers' rights to discharge workers.

Factors for increased sales

Apart from the apparent pick-up in Mexican business activity and the usual modest seasonal increase in imports in the latter half of the year, other factors may boost U.S. 1962 export possibilities —although the major impact of these can be expected to come later. These include domestic economic development plans, and international and AID financing activities.

An over-all economic development program drawn up about mid-year by the Mexican President's planning commission includes an immediate action plan for 1962-1964, aimed at increasing GNP by an average of at least 5% annually—to be financed primarily from Mexican resources. This program involves promotion of industry, agriculture, transportation, communications, and various social welfare works, such as housing, hospitals, and urban and rural services. Associated with this approach are various continuing, or new, programs of development aimed at specific areas of Mexico or particular phases of its economy.

Included are the National Border Program aimed at improving areas along the U.S. border to make them a true showwindow of Mexico, and at the same time integrating them more closely into the Mexican economy and the current industrial development program envisaging near-time production of some 500 industrial products considered essential to the Mexican economy, either in substitution of imports or expansion of exports. There are also various plans aimed at the integrated development of specific regions of the country, such as the Yucatan Peninsula and the southeastern sector embracing the States of Tabasco and Chiapas, and parts of the States of Oaxaca and Veracruz.

Still another factor which cannot be ignored in relation to trade possibilities with Mexico, is its participation in the Latin American Free Trade Association (LAFTA), now in its developing stages. Already, Mexico's exports to member countries, albeit small in terms of total foreign sales, have increased markedly—imports from the area have risen less notably.

In broad scale, this marketing arrangement offers interesting possibilities for increased sales to Mexico, particularly in the realm of production goods, as Mexico prepares itself for further penetration of the markets to the south.

Whatever the marketing possibilities forecast by the aforementioned developments may be, by and large in terms of U.S. exports they will be determined by the aggressive competition of our exporters.

Insofar as investment prospects in Mexico are concerned, the extent to which new U.S. direct foreign investments will move to that country will be conditioned by the extent to which the Mexican investment climate and prospects seem more favorable than elsewhere abroad. In any case, given current Mexican official pronouncements, foreign investments whether from the United States or elsewhere, will be acceptable preferably on a minority basis, and preferably in areas non-competitive with established domestic enterprises.

Colombia seeks increased output of assembly parts

Domestic producton of parts for assembly is sought through 6 Colombian Government resolutions issued last August 30 and affecting various industrial products, the U.S. Embassy in Bogota reports.

Beginning in 1963, production of these items must be adjusted in annual stages so that upon completion of the final stage they will consist of 70-75% of locally produced parts.

The products involved and dates for completed adjustment to locally produced parts are: helicopters and autogyros, Dec. 31, 1967; hair dryers, Dec. 31, 1966; electric signaling apparatus, Dec. 31, 1967; electric metering and registry devices, Dec. 31, 1967; radiotelephone and radio-telegraph transmitters and transmitter-receivers, Dec. 31, 1967; oil gaskets, seals and packings, Dec. 31, 1964.

Production quotas have been set for each stage of adjustment. Overall targets call for multiplying output of oil gaskets, seals, and packings 3.56 times, helicopters and gyroscopes 6.25 times, and the other items 5.44 times over 1963 production.

Earlier stories on Colombia's assembly regulations appeared in FOREIGN COMMERCE WEEKLY, Oct. 30, 1961, p. 30, and Jan. 1, 1962, p. 26.

Exports to Canada decline; surcharges cloud outlook for United States sales

Economic activity high and rebuilding of reserves is rapid; duration of extra fees undetermined

By CAROL MARKOVITZ
British Commonwealth Division, ORE

Surcharges imposed by Canada in late June on many classes of imports cloud the outlook for U.S. exports to that country.

CAROL MARKOVITZ

The surcharges were imposed as a temporary expedient to provide more revenue and help reduce the deficit in Canada's international balance of payments. How well they may be living up to that aim will not be known for several months until the trade returns establish a firm trend. For July, the first month of the surcharge, U.S. exports were cut back sharply to a total of $314 million—including $7 million worth of reexports—from the high June figure of $370 million but they were still well above July 1961, when the total was $270 million.

No information is as yet available on the Canadian Government's plans for continuing the surcharges. However, the new Canadian Parliament, which was called to convene on September 27, may have presented to it the long-term plans to improve the international account to which the Prime Minister referred in his announcement of the temporary emergency measures of June 25. Among other items on the Parliamentary agenda will be the 1962-63 Federal budget, proposals for which were left unacted upon when the previous Parliament was dissolved before the June general election.

The forthcoming session of the GATT, to convene in Geneva, Switzerland, in October, will review the Canadian surcharges in a context which may provide some clue as to their duration.

Meanwhile, the immediate effects of the June exchange crisis on the country's reserve position have been dissipating rapidly. The August 31 report showed another large gain in holdings of gold and U.S. dollars, bringing reserves to a record high figure of US$2,330.6 million in that month. However, $650 million in emergency credits extended by the International Monetary Fund, the New York Federal Reserve Bank, and the Bank of England were included in the total. If these are deducted, the net of US$1,780 million compares with the precrisis peak of US$2,110.6 million reached at the end of November 1961.

Amendments of the original surcharge order have been issued which exempt important categories of merchandise, mainly raw materials for Canadian industry. The exemptions include corn for poultry feed and for the manufacture of poultry feed, soya beans for crushing, woodpulp, cocoa butter, frozen tuna for processing, and unmanufactured aluminum. Certain mining machinery caught in the original order, also, has been made subject to refund.

1962 economic indexes high

It became evident in late summer that the Canadian exchange crisis occurred when all indexes reflected a high level of economic activity. Trade and Commerce Minister George Hees recently referred to preliminary figures for the gross national product during the first half year as showing an 8% increase over the corresponding 1961 period. Based on the published first quarter gain of 7%, the second quarter advance must have been about 9%. Some of the big increase, however, is accounted for by distribution over all quarters of the presumed income from grain crops which were small in 1961 and are large this year.

The seasonally adjusted index of industrial production rose to 186.6% of the 1949 base in June, or one point above May, because of the increase in manufactured output. For the first 6 months of 1962, the index stood at a new high record, averaging 9% above the first half of 1961, a period of recession, and 3% above the second half of that year, which represented sharp revival. The mid-August report on unemployment shoved it down to 4% of the labor force, the lowest since 1959.

More sales to U.S.

Canadian merchandise exports in the first half of 1962 also reached a new high record of C$3,013 million, or 12% above the already high 1961 figure. The value, however, was advanced in part by depreciation of the Canadian dollar and the increase in physical volume was less, or 8%. The second quarter value was C$1,617 million, or 14% above that of 1961, with a 9% comparative gain in physical volume.

Exports normally advance in the second quarter with the opening of St. Lawrence navigation which stimulates overseas movement. For the 6 months as a whole, however, the gain in exports to the United States has been the outstanding feature of 1962 with the U.S. share of the total Canadian export rising to 59% from 53% last year. Largely increased shipments to this country were reported in nickel, petroleum, natural gas, iron ore, and softwood lumber, and among manufactures, in aircraft. The increases in lumber, petroleum, and iron ore have been protested by the U.S. industries affected by the competition.

Wheat exports increase

A steep rise in wheat exports to communist China, in fulfillment of last year's contracts, also features this year's Canadian trade. Wheat exports to the United Kingdom also increased during the half year. In August, an agreement covering the sale of 300,000 tons to Poland was announced, with an attached option on a further 200,000 tons to be exercised February 1, 1963; this export is covered by Canadian long-term credit arrangements.

Prospects for sustained wheat export are of special interest for the economy because of the large 1962 crop now being harvested. On September 4, the Dominion Bureau of Statistics estimated the crop at 531 million bushels, one of the largest on record. The big sales of the last crop year largely solved Canada's long standing surplus wheat problem and this year's acreage was increased by 6%.

Imports from the United States accounted for 71% of total Canadian imports in the first half of 1962, a some-

what higher share than in 1961. Because the trade is so largely composed of goods required for Canadian production, U.S. participation in the total Canadian import is normally responsive to the level of Canadian economic activity, rising in prosperity and falling in recession.

This factor has appeared in this year's trade notwithstanding the inhibiting effects of Canadian dollar depreciation, but it may not persist. The surcharges, although applied without discrimination to all foreign suppliers, affect a much wider range of goods imported from the United States than from other countries and U.S. trade therefore is vulnerable on a wider front.

A second factor has been the large gain in Canadian automobile sales this half year accompanied by Canadian demand for parts for assembly. The sale of overseas models in total Canadian sales declined, at least in the early months for which there is a record. A 10% extra levy now is imposed on imports of complete cars; this presumably will tend to expand Canadian production vis-a-vis imports.

A considerable improvement in the deficit position of the merchandise account of the balance of payments may have been one of the accomplishments of the summer. The unfavorable balance in this account was reduced during the second quarter by $51 million, or 31%, with a small surplus in June. The discounted Canadian dollar also is reported to be reducing Canadian tourist expenditures in the United States while increasing tourist travel in Canada.

Money markets tight

The increase in Canadian reserves permitted reduction of the Bank rate early in September, from 6% to 5½%. Interest rates for commercial loans influenced by this rate are still high, however, in terms of the precrisis level, and a representative of the chartered banks referred to the reduction as unlikely to make much difference in money markets which were still in need of ready funds. Late figures on the money supply are not available but the large increase in reserves would not appear to be affecting an expansion. Both the Bank of Canada and the chartered banks have been reported to be limiting credit by sales of Government bonds.

Colombian picture brighter; industrial growth pursued

Economic development plan, other factors assure continuing field for U.S. trade, investments

By HERBERT A. LINDOW
American Republics Division, ORE

The outlook for U.S. exporters and investors interested in doing business in Colombia has brightened in recent months.

HERBERT A. LINDOW

Primarily, this is because of continued political stability, World Bank and Organization of American States (OAS) approval of the 10-year economic and social development plan, and a new International Coffee Agreement whose terms have found favor in Colombia. Import controls and tight credit will continue for balance-of-payments reasons, however.

U.S. exporters of capital goods, many types of semimanufactures, and industrial raw materials have the best sales opportunities in supplying the requirements called for by the development plan. Under this plan, imports are to increase by an average annual rate of 7.2% during 1962-65 compared to the 1957-59 average.

The goods that are primarily needed in Colombia include: Power-generating machinery; construction, excavating, mining, oil and related machinery; mining tools; accounting and computing machines, agricultural machinery and implements and tractors; aircraft, automobile parts and components; pigments, paints, varnishes, plastics and resin materials; regenerated cellulose; medicinal chemicals and antibiotics, fertilizers; and scientific and professional apparatus and supplies.

Consumer goods exports face stiff import restrictions. Only 10% of total 1961 imports, $544 million, were consumer goods. In selling consumer goods in Colombia, the trend appears to be toward establishment of operations there, financed either entirely with U.S. capital or by joint ventures with Colombians.

Competitive market

While the Colombian economy continues to expand, greater selling efforts, flexible credit terms and competitive prices will be required if the U.S. share of the market, now 51.6%, is to be maintained or increased. Exporters should note that import duties and advance import deposits tend to magnify any differential between prices from other sources of supply such as the Federal Republic of Germany, the United Kingdom, Japan, and Canada—Colombia's principal suppliers after the United States.

Moreover, our foreign competitors are energetically selling their products in Colombia. They do not merely depend on selling by mail but have well-qualified, Spanish-speaking sales personnel making regular calls on merchants and manufacturers and have well-prepared advertising and sales brochures also in Spanish.

Terms of payment are often more important than the initial sales price. Some European competitors have given terms ranging from 120-180 days while financing the prior import deposit at the relatively low rate of 6% a year.

Although Colombian credit-worthiness has demonstrated itself in recent years, exporters may wish to avail themselves of credit insurance and guarantee facilities offered by the Export-Import Bank in conjunction with the Foreign Credit Insurance Association, 60 John St., New York 38, N.Y.

U.S. exports to Colombia amounted to about $128 million in the first 6 months of 1962, Bureau of Census figures show. This compares to $120 million for the corresponding 1961 period and $245 million for the entire year of 1961. Colombia is currently our fifth largest export market in Latin America after Mexico, Venezuela, Brazil and Argentina.

Imports from Colombia in the first 6 months fell to $120 million from last year's $147.4 million. Lower coffee prices and petroleum imports were the principal reasons for this decline. In 1961, 61% or about $261 million of Colombia's exports, went to the U.S.

In recent months more items have been added to the prior license list, as part of the Colombian Government's program to

alleviate pressure on the balance of payments. While no precise figures are available as to the present payments situation, some improvement has apparently been registered recently as the free peso rate firmed at around 8.50 pesos per U.S. dollar.

Further, some relaxation in prior import deposit requirements occurred on September 1 when prior deposits were lowered to 120% for most items. These had been formerly as high as 200%. The money market, however, remained tight and commercial banks were restricted in their ability to grant credit.

The election and inauguration of a new president, Dr. Guillermo Leon Valencia, without undue incident, boosted confidence in the economy. Dr. Valencia announced that he would continue the policy of his predecessor in welcoming foreign investments and in maintaining close ties with the U.S.

Another highlight was the approval of the 10-year General Social and Economic Development Plan by the World Bank and the 9 wise men of the OAS.

The Plan calls for investments of almost $10 billion in the economy over the 1960-70 decade with about $200 million to come annually from foreign sources such as AID, international lending agencies, European banks and private investors. The prospects of such foreign aid materializing are considered excellent.

Investment climate good

Colombia continues to present investment opportunities and a climate conducive to investment. Colombia does not have a history of expropriation or confiscation. In fact, tax incentives have been established to induce investments in basic industries necessary for economic development.

Basic industries are exempt from income taxes through the year 1969 if at least 60% of the total value of raw materials they use is of domestic origin. Such firms must be operating by 1965. Furthermore, firms are exempted from income taxes when they use domestic iron and steel products for 50% of their finished products.

Industries regarded as basic are: Mining and processing of coal, sulfur and asbestos; pulp production for paper; fertilizers; herbicides; wool tops; artificial fiber products; nonferrous metals; machine and machine manufactures; fisheries, and the production of processed vegetable extracts.

Colombia continued to receive economic aid from abroad in the first half of 1962. Besides a $30-million loan from AID to shore up the strained balance of payments, the World Bank approved a $50-million loan to finance an increase in hydroelectric and thermal-generating capacity, as well as to expand transmission and distribution facilities in the Bogota area.

The International Finance Corporation committed $2 million to Compania Colombiana de Tejidos, S.A., the largest cotton textile manufacturer in Latin America to finance a $13-million modernization and expansion program.

In the housing field, AID extended its first risk investment guaranty for home building in Latin America when it guaranteed a private loan for the construction of 2,000 low-cost homes in Cali.

Coffee scene

Colombia participated in the United Nations International Coffee Conference and Colombian officials appeared pleased with Colombia's new annual basic quota of 6,011,000 bags under the 5-year Coffee Agreement. Finance Minister Carlos Sanz de Santamaria hailed the pact as "a new international policy of understanding between highly industrialized countries and those which are not."

The objectives of the new coffee agreement are to achieve a reasonable balance between demand and supply; to raise buying power in the coffee-exporting countries; to increase coffee consumption; to reduce obstacles to trade; and to alleviate hardships caused by surpluses and sharp price fluctuations. These goals are to be achieved partly through self-imposed export restrictions of the producing countries.

Colombia's coffee export volume was up to 3,393,000 sacks in the first 7 months of 1962, compared to 3,116,000 for the corresponding 1961 period. The value of these exports, however, showed only a minuscule improvement.

Coffee remains by far Colombia's principal export, accounting for about 70% of her foreign exchange.

Firms set up

In other developments, 15 automotive firms applied to the Colombian Government for permits to assemble motor vehicles, agricultural machinery, tractors, trailers and other heavy equipment.

The Colombian Finance Corporation reportedly joined with the German consortium, Phoenix-Rheinrohr, to set up 2 new companies to develop irrigation and metallurgical activities. Phoenix-Rheinrohr is also considering investing in Abonos Colombianos, a fertilizer and ammonia plant, whose planned output by 1963 should replace imports currently costing $15 million yearly.

Another German-Colombian consortium is seeking government authorization for an industrial complex to produce agricultural machinery, internal-combustion engines, and heavy-construction equipment on a scale permitting exports to neighboring markets.

A 50,000-ton capacity rolling mill was scheduled to go into operation in September at the nation's principal steel plant, Acerias Paz del Rio.

LAFTA negotiations

Colombia sent a delegation to Mexico City in August to participate in tariff-cutting negotiations with other members of the Latin American Free Trade Association.

Earlier negotiations had produced about 260 tariff concessions by Colombia on a number of agricultural and raw material items. These concessions were not granted to third countries, including the U.S.

Except for a very few items, the negotiations should not have any appreciable influence on U.S.-Colombian trade. Total Colombian imports from LAFTA member countries in 1961 amounted to only 1.8% of total imports.

Implementation of agrarian reform was evidenced by the distribution of 80 farms in the Department of Tolima. Farmers will be given 15 years to pay for the land, with no payments falling due for the first 2 years. Interest will be 3% for the first 2 years and 4% thereafter. In addition, 2 villages with 95 homes and public schools are planned. Eventually, public utilities will be provided, as well as a farm-to-market road connecting the area with the main roads of Tolima.

HALF A TUNNEL: Construction of a circular tunnel which forms part of the 2nd stage of a central hydroelectric plant in new Colombian development.

Argentina tightens economic belt; trade imbalance seen

Modest export prospects and restricted imports in view; Government takes steps to aid financial situation

By KENNETH N. HYNES
American Republics Division, ORE

Prospects for commercial exports to Argentina in the immediate future are not encouraging.

KENNETH N. HYNES

Since the political crisis precipitated by the elections in March, there has been a severe contraction in business activities and a sharp drop in employment. Pressures arising in part from short-term obligations abroad have resulted in local currency depreciation amounting to about 50% between March and September. As a consequence, the cost of living has risen sharply, provoking serious and costly disputes between labor and management.

Official measures to increase export earnings have produced some beneficial results, but a sizeable trade imbalance is again anticipated. Government efforts to relieve existing financial stringencies through the renegotiation of foreign obligations are underway, and measures to restrain local budgetary deficiencies are in effect. Great dependence is placed upon the infusion of developmental funds through the Alliance for Progress to alleviate the economy's difficulties.

In the 6-month period Jan.-June 1962, Argentine exports totaled $615.1 million, up 13.7% from 1961, and imports $678.6 million, up 0.7% from 1961, leaving a trade deficit of $63.5 million.

In the first half of 1961, Argentina incurred a trade deficit of $133.1 million with exports of $541.1 million and imports of $674 million.

Exports to the U.S. in the first half of 1962 amounted to $40.7 million or 6.6% of total exports, compared with $45.9 million or 8.5% in 1961.

Imports from the U.S. reached $192.4 million or 28% of the total in Jan.-June 1962, compared with $179.2 million or 27% in 1961.

The trade data indicate that the U.S. continued to maintain a substantial lead over other major suppliers—West Germany, 15% in 1962 and 14% in 1961; the United Kingdom, 10% in each year; and Italy, 8.5% in 1962 and 7% in 1961.

As a customer, the U.S. took only 6.6% of Argentina's export in Jan.-June 1962 as against 8.5% in the 1961 period. The U.K. continued to be Argentina's principal market, taking 17% of all exports, followed by the Netherlands, 15%, and West Germany, 13%.

In its trade with Argentina, the U.S. recorded a favorable balance of $151.7 million in the first half of 1962, a deficit reduced significantly by favorable Argentine balances in trade with some other countries, particularly with the Netherlands, $82 million; the U.K., $37 million; and Belgium, $20 million.

U.S. machine exports up

The composition of U.S.-Argentine trade in the first half of 1962 differed little from that in previous periods. U.S. Bureau of the Census statistics show that machinery and vehicles accounted for 75% of U.S. exports by value and increased by 22% over shipments made in the first half of 1961—$167.9 million as against $137.3 million.

The other leading U.S. export categories in the first half of the current year were metals and manufactures, except machinery and vehicles, $14.2 million or 6.4% of total exports; and chemicals, $13.4 million or 6% of the aggregate. Commodity categories of lesser but significant importance included inedible vegetable products, $8.6 million; textile fibers and manufactures, $7.7 million; and nonmetallic minerals, $5.7 million. As in the past, U.S. imports from Argentina consisted essentially of textile fibers and manufactures (largely raw wool), foodstuffs (principally canned meat), inedible animal products (mostly casein or lactarene), and inedible vegetable products (chiefly tung oil).

Argentine import requirements will continue to be concentrated in capital goods and raw materials necessary to sustain the operations of the local industrial economy.

Official announcements indicate that the importation of these commodity requirements will be sharply restricted in the official sector by the deferment of most public projects in field other than housing. In this connection, the National Highway Bureau has suspended the award of new highway construction contracts and the State petroleum agency, the YPF, has postponed new contractual arrangements for expanded petroleum development.

In the private sector, the heavy debt obligations assumed by many business firms and the attendant difficulties now being experienced in meeting these obligations may be expected to act as an effective brake on further large-scale purchases abroad in the months ahead.

Confidence needed

The overriding preoccupation in both official and private business circles is now concerned with reestablishing confidence that will provide a floor of stability for orderly recovery.

Toward this end, the Argentine Government has approached U.S. and European creditors with a view to arranging deferments of debt obligations that will pose a heavy burden on the country in the next few years. Hard currency external debts for the account of the public sector as of April 30, inclusive of interest payments, amounted to $2.6 billion. Payments for the remainder of 1962 were scheduled at $277.2 million, thereafter rising to $384.5 million in 1963 and a peak of $459.7 million in 1964.

Partial data covering private foreign debts incurred by commercial and industrial firms and maturing between July 1962 and June 1963 show obligations of $283.7 million. Repayment of the private commitments, in particular, has worked a severe hardship because the depreciation of the Argentine peso has increased the cost of hard currency exchange by some 50% and has led to rapid depletion of exchange reserves.

Between March and July, Central Bank holdings of gold and convertible exchange declined from the equivalent of $288.8 million to $170 million, despite a drawing in June of $50 million from the International Monetary Fund.

Chain reaction

The chain reaction of calling in loans within Argentina necessitated by currency illiquidity and debt payment pressures has set off a great increase in bankruptcy petitions and a rise in unemployment.

Many of the largest firms have been forced to suspend some of their operations temporarily. The Government has fallen behind in paying its employees and suppliers. Meanwhile, local costs have risen sharply—the cost of living in Buenos Aires rose 24% between December 1961 and August 1962—sparking disputes between labor and management with resultant serious strikes in the meatpacking, publishing and metallurgical industries and abortive but costly general strikes. The economic and overshadowing political difficulties harassing Argentina have discouraged new foreign-investment interest, with a consequent drop in new capital inflow.

Foreign investment proposals approved by the Government in the first 7 months of 1962 consisted preponderantly of projects amplifying existing investments and reflected a dearth of new investment interest.

Argentina's ability to solve its present difficulties depends directly upon its consistent determination to set its financial house in order, a prerequisite to continued credit support abroad and export increases. Measures have been initiated or are under study to reduce the budgetary deficit, which will approach 50 billion pesos with the fiscal year ending October 31, and restrain inflationary influences.

Measures taken

A stiffer official attitude toward organized labor's demands for wage increases has been evidenced, and the inflationary effect upon prices of increasd import levies has been relieved by the removal in August of the 100% prior-deposit requirement adopted in July and the rescission in September of the 20% emergency surcharge introduced in April.

With the aid of $150 million under the Alliance for Progress program, the Government will be enabled to defray a limited volume of trade commitments, obtain refinancing of some obligations to the Export-Import Bank, and complete or launch some developmental projects that will help to absorb some of the economic slack.

A revision of the standby arrangement with the International Monetary Fund is now under study with a view to permitting higher credit ceilings which the Argentine Government deems essential to meet urgent requirements.

New tax measures were put into effect on September 1st providing for a 20% surcharge on income taxes payable for 1962-64 and a capital levy of 0.2% on the net worth of individuals and firms. The 20% surcharge on income taxes applies to individuals whose income tax is greater than 50,000 pesos or about $400 a year.

Steps have also been taken to increase exports through the removal of retentions and the sales tax on various meats, animal byproducts, and grains; the extension of credit facilities and tax benefits to agricultural producers; and the establishment of higher support prices for export crops.

Despite these measures, however, it appears unlikely that exports in the coming year will rise to a level greatly in excess of the current volume. Present signs indicate that wheat and possibly meat, 2 of the major exchange earners, may be in short supply for the export trade.

In view of the apparently modest prospects for exports and the heavy external debt obligations that must be met, the implications are that Argentina will be confronted with an extended period of belt-tightening.

Economic growth in Brazil has been maintained

Productive capacity increased despite political developments

By GERTRUDE HEARE

American Republics Division, ORE

Economic developments in Brazil in recent months have been overshadowed by political developments, with the attention of the Government concentrated principally on political maneuvers. However, the productive capacity of the country has continued to increase, both in scope and in depth, and a high rate of industrial growth appears to have been maintained. The demand for imported equipment and industrial raw materials continues, and the prospective volume of sales of U.S. commodities depends primarily upon the success of U.S. exporters in meeting the existing stiff competition in the market, as well as on the exigencies of the Brazilian balance of payments situation.

GERTRUDE HEARE

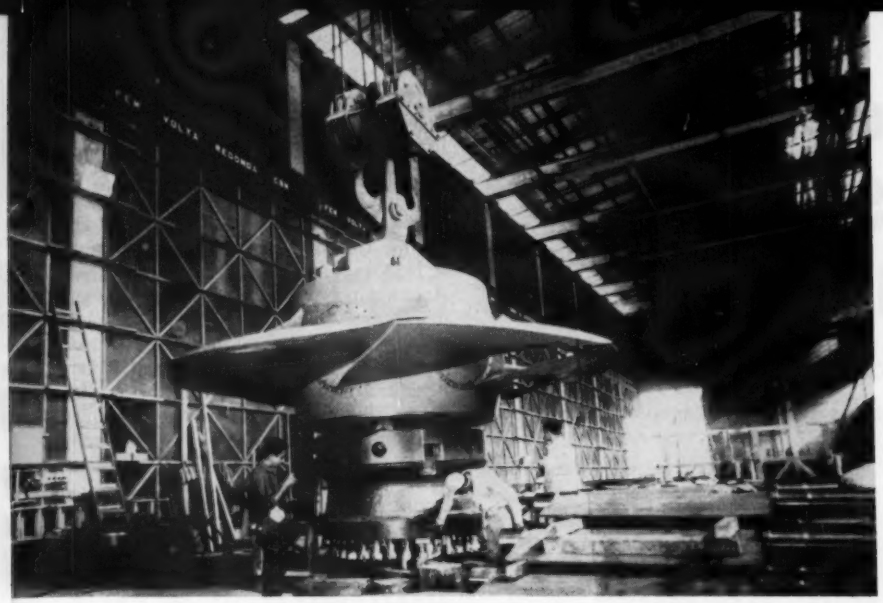
Fiscal imbalance, spiraling inflation, a deteriorating balance of payments, and the impairment of the climate for foreign investment are important elements in the Brazilian scene. Programs to control fiscal and credit policy and reform the exchange control system have been devised but a succession of political crises has delayed their implementation.

Foreign investment declining

The flow of foreign investments into Brazil, which has been slowed by political uncertainties and the inflationary trend, was further affected by the passage by the Chamber of Deputies in November 1961 of a severely restrictive foreign investment bill. The Senate in July passed a more moderate bill drafted by a joint Congressional Committee, but certain restrictive provisions regarding profit remittances and reinvestments were reinserted by the Chamber in August. The bill was promulgated in this form on September 5. Meanwhile, the Senate on August 23 approved an amendatory bill revoking the most controversial provisions, on which action has not yet been taken by the Chamber. The legislation enacted restricts remittances abroad of profits to 10 percent annually on registered capital and provides that profits in excess of 10 percent which are reinvested in Brazil will be separately registered as supplementary capital that will not serve as a base for future profit remittances.

The net outflow to Brazil of private direct U.S. investments in 1961 totaled $8 million, compared with $83 million in 1960, according to data compiled by the U.S. Department of Commerce. A net capital inflow into the United States from Brazil was reported for the second half of 1961 for the manufacturing field, the most important sector of U.S. investments in Brazil. Reinvestments in Brazil of earnings of subsidiaries of U.S. companies totaled $39 million in each of the years 1960 and 1961. U.S. direct investments in Brazil at the end of 1961 were reported at $1 billion, of which 54% was in manufacturing, 20% in public utilities, 13% in trade, 9% in petroleum distribution, and the remaining 4% in mining and other activities.

Direct foreign investments in the form of capital equipment licensed by the Foreign Trade Department of the Bank of Brazil for importation without exchange cover totaled only $12.6 million in January-July 1962, compared with $31.3 million and $35.6 million in the like periods of 1961 and 1960, respectively. Total licensing of investments in the form of capital equipment amounted to



TURBINE BLADE: Gigantic turbine blade now in use at Jurumirim Electric Power plant, Usinas Electricas do Paranapanema. Construction was made possible by World Bank financing project.

$19.7 million in the year ended July 1962, compared to $106.8 million in 1960 and licensing during the first half of 1961 at an annual pace of $55.4 million.

U.S. trade with Brazil

Brazil in the first six months of 1962 was the fourth most important U.S. export market in Latin America, ranking after Mexico, Venezuela, and Argentina, and the third largest Latin American supplier to the U.S., following Venezuela and Mexico. U.S. trade with Brazil on the export side accounted for 13% of shipments to Latin America, compared with 14% in 1961, and on the import side represented 15% of U.S. purchases from the area, compared with 17% in 1961.

The value of U.S. exports to Brazil in the first half of 1962 was $207.6 million, a drop of 17.5% from the same period of 1961, when exports registered $251.6 million.

The principal commodity groups represented in the U.S. export trade to Brazil in the first half of 1962 were machinery (34%), grains and preparations (15%), and chemicals and related products (14%), accounting for 63% of total trade. Substantial increases in value were shown in exports of chemical specialties, industrial chemicals, medicinal and pharmaceutical specialties, tractors, and construction, excavating, mining, oil field and related machinery. These were more than counterbalanced by significant decreases in the value of shipments of rolled and finished iron and steel mill products, refined copper, electrical machinery and apparatus, power generating machinery, metal cutting machine tools, automotive equipment, railway transportation equipment, and aircraft. Exports under Public Law 480, in comparison with those in the first six months of 1961, were reduced in the case of wheat but increased in the case of dairy products.

The total value of imports into the U.S. from Brazil in January-June 1962 was $258.2 million, a slight increase over $255.0 million registered in the same period of 1961. Imports of coffee continued to represent approximately 70% of the value of the trade, accounting for $179.7 million in the first half of 1962 and $175.0 million in the 1961 semester. The quantity of coffee imported rose from 534.7 to 589.2 million pounds but the average price per pound was reduced from 32.7 to 30.5 cents.

Preliminary Brazilian trade data indicate that exports in January-May 1962 totaled $460.7 million, a reduction of 12% from $514.6 million in the same period of 1961. Imports also decreased, totaling $543.9 million or 7% below the $581.4 million registered in the 1961 period. The excess of imports over exports thus amounted to $83.2 million, compared with $66.7 million in the first five months of 1961. Unofficial reports of the trade in June and July 1962 indicate that exports were maintained at approximately the same pace as in the first five months of the year while imports were substantially increased, thus resulting for the period January-July in exports of $657 million, imports of $833 million, and a trade deficit of $176 million, compared with a deficit balance of $87 million in the like period of 1961.

The United States remained the principal supplier of Brazilian imports, its share in the value of the trade being 30% in the first quarter of both 1961 and 1962. The participation of specified other suppliers in the trade in the 1962 quarter, with comparable 1961 data in parentheses, was as follows: Western Germany, 12% (9%); Japan, 8% (6%); France 4% (3%); Italy, 4% (4%); United Kingdom, 3% (3%); and the Eastern European countries, 3% (4%).

The United States also is the principal export customer of Brazil, accounting for 44% of the total value of the trade in the first quarters of 1961 and 1962. The second ranking destination of export shipments was Western Germany, which took 8% of the total value in the 1962 quarter and 7% in 1961.

Inflation accelerated

A record fiscal deficit financed principally by currency issues brought about an 18% rise in currency, in circulation, from 313.9 billion cruzeiros at the end of 1961 to 368.8 billion on July 31. Prices have risen sharply and the cost of living index for the State of Guanabara (city of Rio de Janeiro) increased by 5.6% in July and 3.1% in August 1962, or a total increase of 28.6% in the first 8 months of the year, compared with 19.3% in the corresponding period of 1961. Numerous wage agreements providing substantial increases have been negotiated and an increase in the legal minimum wage is anticipated.

Exchange rate depreciated

Bank of Brazil exchange rates of 310-318 cruzeiros to the dollar buying and selling, respectively, were maintained from January until May 1962, compared with a curb market rate that depreciated to more than 375 cruzeiros. The Bank of Brazil rates were changed in May to 350-359 cruzeiros; during the political crisis of July, exchange transactions temporarily were placed under the control of the Bank; and with the issuance of the current exchange regulations on August 15, the Bank began a more frequent adjustment of its rate, which had depreciated to 460-475 by mid-September, compared with curb market rates that have exceeded 700.

The overvaluation of the exchange rate has had a discouraging effect on exports and has increased the pressure for imports. The movement of exports recently was reported to be improving. The outgoing Prime Minister on September 14 stated that the accumulation of outstanding foreign short-term indebtedness amounted to $80 million.

Venezuelan picture improves; imports from U.S. in first increase since 1957

Investment capital welcomed; economy expected to show marked upturn; crop increases forecast

By DONALD R. TRAFTON
American Republics Division, ORE

Prospects for increased U.S. trade with Venezuela are brighter now than they were 6 months ago.

DONALD R. TRAFTON

A regained financial stability, a large increase in oil production and export, and an increased business confidence have all contributed to the bright outlook.

The one possible major dampening factor is the national elections which are to be held late in 1963.

Under the leadership of the Minister of Finance, the Venezuelan Government appears to have put its financial house in order. In fact, Venezuela's present and foreseeable financial situation looks more favorable than at any time since the mid-50's. The public debt has been skillfully managed and conservative monetary and fiscal policies have reduced capital flight, which was creating a serious drain on the country's international reserves.

On the domestic front, both wholesale and retail price indices have increased only slightly over the past year.

The fruits of a sharp increase in oil production, up 10.5% for the first 7 months of 1962 over the 1961 period, and exports will be shared with the Venezuelan Government in the form of increased tax and royalty payments. Although the increased revenues from oil production have yet to be passed on to the Government, it is expected that Government operations for the fourth quarter of '62 will show a modest surplus, thereby reversing the current trend of unbalanced budgets and deficits so prevalent in recent years.

Despite two armed revolts in May and June and partial devaluation of the bolivar, the business sector of the economy has become increasingly more confident in the present regime. This increased confidence is reflected in greatly improved business conditions, especially in retail sales, during June and July.

Two other unrelated events also contributed significantly to partial restoration of business confidence. On July 9, the first Venezuelan-made steel was poured at the Government-owned Matanzas steel complex: and the Chase Manhattan Bank of New York announced its offer to purchase 49% of the stock, amounting to over $6.5 million, of the Banco Mercantil y Agricola, one of Venezuela's larger banks.

Trade improves

Improved business conditions were also reflected in the country's international trade. U.S. imports from Venezuela in the first half of 1962 rose by 8.4% over the corresponding period of '61, according to U.S. statistics. But what is more important to the U.S. businessman is that our exports to Venezuela increased by 3% for the first 6 months of '62. Although 3% may not seem spectacular by itself, it is significant to note that this will be the first time since 1957 that U.S. exports to Venezuela (provided they continue at their present rate) will have shown any gain over the previous year. In 1961, U.S. exports to Venezuela were down 50% in value from their 1957 level!

Major commodity groups that scored gains in the first half of 1962 were: Metals and manufactures, $23.4 million, up from $21,464,000: machinery and vehicles, $106 million, up from $96.7 million; chemicals and related products, $26 million, up from $24.6 million; and wood and paper, $11.6 million, up from $10.6 million.

In dollars, total U.S. exports to Venezuela during Jan.-June 1962 were valued at $240.9 million, compared with $233.9 million for the same period of 1961.

Although Venezuela is no longer the lucrative market that it used to be for luxury and semi-luxury items, it is evolving into a good market for capital industrial and semimanufactured goods.

The construction industry, in the doldrums for the past few years, really started to pick up in the second half. Activity in housing, community development, and public works has increased notably, especially in the Caracas area. This pick-up in activity has had a very beneficial side effect in that it is providing employment for many unskilled workers and helping to alleviate unemployment.

Economic policy released

The Government's long-awaited economic policy statement was released on May 30th. The statement, entitled *Declaration Covering Fundamental Aspects of Economic Policy*, sets forth policies as developed and applied to the various economic areas over the past several years. While the statement contains nothing really new, it is significant in that it doesn't indicate that changes are contemplated.

Sectors of the economy that are covered in the Declaration are agriculture, labor, foreign commerce and investment, managerial position of the state, and industry, which has specific sections relating to petroleum, construction, steel and metallurgy, and petrochemicals.

An unofficial English translation of the Declaration is available on a 10-day loan basis from the American Republics Division, ORE, BIP, Department of Commerce, Washington 25, D.C.

An Exchange Control Review Commission set up in April has brought progress on Venezuela's commercial arrearages. Initially, the Commission was charged with clearing-up pending applications for official-rate foreign exchange arising from obligations incurred prior to March 19, 1961. The Commission was later authorized to pass on requests for official exchange for imports of machinery and equipment ordered prior to April 2, 1962. From all reports, the Commission has made good progress. As a result of its work, Venezuela's exchange payments reputation should be vastly improved in the near future.

Investment capital sought

The Government of Venezuela is actively promoting diversified industrialization as part of its overall economic development plan in order to become more self-sufficient.

Private investment capital is welcome. Participation in joint ventures, with American capital and technical know-how, is particularly looked upon with favor. Besides the national government, many local governments in conjunction with Chambers of Commerce are promoting industrial investment through the use of liberal policies and tax incentives.

The City of Valencia, for example, attracted more than 100 industries in the 1950-60 decade. These industries invested over $300 million for the production of textiles, foodstuffs, cigarettes, paints, rubber goods, cosmetics, soap, pharmaceuticals, building materials, paper, batteries, as well as the installation of bottling and automobile assembly plants.

Such well-known U.S. manufacturers as duPont, U.S. Royal, Owens-Illinois, Ford, H.J. Heinz, Singer, Sherwin-Williams, Celanese and Colgate-Palmolive are representative of many U.S. firms now located in this booming industrial city.

Agrarian reforms made

On the agricultural front, the agrarian reform program is moving along as planned. From 1959 through 1961, about 42,100 families were settled on 1.4 million hectares of land. Over 1,500 free land titles have been granted so far this year by the Government.

Under its 4-year development plan, the country is trying to attain a 9.8% annual increase in agricultural production. Last year, a 6% increase was achieved.

The Republic hopes to be self-sufficient in 10 major crops this year and in many others by 1966. Notable increases in 1962 production are forecast for cotton, dry whole milk, potatoes, poultry, eggs, sugar, corn and sesame.

Given continued political stability, there is little reason to doubt that the Venezuelan economy will show a marked upturn during the last half of this year and 1963.

Peru's economy surmounts political storm

By R. F. RODRIGUEZ

American Republics Division, ORE

Developments in the political arena—an inconclusive presidential election on June 10th followed by seizure of the Government by a military junta on July 18th and suspension of U.S. recognition until August 17th — spilled over into the economy causing some capital flight and postponement of development plans.

R. F. RODRIGUEZ

With the junta demonstrating effective control and pursuing sound economic policies, however, there has been an increase in business confidence, evidenced by a very significant influx of capital and a resumption of economic activity. The prospects are for a continued high level of exports and imports which will establish new record levels for 1962.

In spite of the political crisis, Peru's foreign trade soared to new levels in the first 6 months of 1962. Exports reached $259.9 million and imports $264.8 million. Both exports and imports were up 20% over the comparable period in 1961.

The rise in export earnings was mainly due to the increase in the volume and the world price of fishmeal exports. The phenomenal growth of this industry has now made exports of fishmeal Peru's principal source of exchange earnings and ranks Peru in second place among the leading fish-producing countries and in first place in the export of fishmeal.

Earnings from sugar exports are expected to decline in the second half of 1962 as a result of the new U.S. Sugar Act which will reduce the amount of sugar that Peru can sell in the high-priced U.S. market. But Peru's new quota of 190,000 metric tons represents a substantial hike over the allocation made to Peru under the old Sugar Act.

Exports of iron ore declined, but, with the construction of a new beneficiation plant, export earnings are expected to rise as a result of higher grade shipments.

The weakening trend in world market prices of coffee, lead, and zinc should be offset by greater export volume, while earnings from cotton, fish oil, copper and silver have scored important gains.

The high level of export earnings recorded in the first half of 1962 are expected to continue throughout the balance of the year.

Imports up

With the impressive increase in Peru's capacity to import, all categories of imports rose. The bulk of imports consisted of: Machinery and apparatus, 21% of total imports; vehicles and transport equipment, 14%; food, 12%, mainly wheat; common metals and their manufactures, 11%; and chemicals and similar products, 11%.

The heavy emphasis on economic and industrial development assures that Peru will remain a prime market for industrial raw materials and capital goods for some time to come.

The U.S. is by far Peru's principal supplier, accounting for 42.2% of total imports in the first quarter of 1962. This represented a slight decline over our share of the 1961 market when the U.S. accounted for 44.1% of all imports.

The seizure of the Government by the junta and the suspension of U.S. recognition until August 17th raised questions as to the impact of these developments on trade with Peru. The strong inflows of capital in recent weeks are evidence that business confidence has been restored.

Some U.S. exporters experienced delays in collection during the crisis, due to the temporary flight of capital which resulted in tightening of local credit and not to governmental restrictions or impediments. With the reversal of the capital flow, collections have returned to normal.

The excess of imports over exports resulted in a deficit trade balance of $4.9 million in the first 6 months of this year, compared with a deficit of $4.2 million in the same period of 1961. Mainly due to political uncertainty, however, the country incurred a balance-of-payments deficit of $28.1 million in the first 7 months of 1962, compared with a balance-of-payments surplus of $17.3 million in the same period of 1961. As a result, gold and exchange reserves of the Central Bank declined to a low of $68.2 million on July 24th—6 days after the military coup of July 18th—compared with a high of $100.1 million on December 31, 1961.

With the restoration of business confidence following the coup, reserves have made a very impressive recovery, rising from $72.9 million on July 31st to $92 million on September 7th. The rapid recuperation of reserves indicates that a favorable balance-of-payments

for the year is in prospect or that, at worst, any deficit will be small.

Sol rate steady

In spite of the balance-of-payments deficit of $28.1 million, the sol rate showed considerable stability and still stood at 26.82 soles to the dollar on September 7th. The Central Reserve Bank's past policy of building up its exchange reserves, placed it in a strong position to defend the sol through sales of exchange during the political crisis.

In spite of some concern over political developments in the first half, the overall level of economic activity remained high. Apprehension concerning the financing of certain important projects arose with the suspension of U.S. economic assistance. Resumption of diplomatic relations on August 17th assured that financing would be available. The heavy emphasis on economic and social development under the Alliance for Progress and the availability of foreign credits to assist in financing should assure a continued accelerated pace of development.

Industrial projects set

Projects now in advanced stages of negotiation or initiation are the following: Arrangements are being completed for the 400,000-kw Mantaro hydroelectric power development which is being undertaken at an estimated cost of $150-$200 million by a consortium of West Germany and British firms; the construction of a 65,000 kw. hydroelectric project and the irrigation of 14,000 hectares in the Department of Tacna is to be financed by Japanese interests; the Santa Corporation, a public entity, has announced plans to double the capacity of the Cañon del Pato hydroelectric plant to 100,000 kw. and to irrigate 136,000 hectares in the Santa Valley. A preliminary contract was signed for the expansion of the Chimbote steel mill (Sociedad Siderurgica de Chimbote, S.A.) from its present 60,000 to 350,000 metric tons of ingot capacity annually. Estimated cost of the expansion is $130 million.

In addition, the Marcona Iron Mines is proceeding with the construction of a beneficiation plant that will upgrade its iron ore content to 70%. The company also plans to increase its iron ore capacity to nearly 5 million tons of refined iron ore over the next 5 years.

A new possible investment in a copper property located near the Mantaro River may be undertaken by the Cerro Corp. and a Peruvian group. The plan would call for construction of a 750-ton flotation plant.

Other industries in which considerable investment activity is taking place are fishmeal, pharmaceuticals, construction of low-cost housing, metal working, port construction, sewerage and water facilities.

TO BE REPLACED: Overage steam locomotives such as this one pictured in the northern Andes, are being replaced by modern equipment, with the aid of a World Bank loan (World Bank photo)

Investment climate

The political developments of recent weeks injected a new element of risk for investments, but most observers believe there has been no marked deterioration in Peru's investment climate. For some years now, Peru has been considered one of the most attractive countries in Latin America for investments.

With substantial undeveloped resources, a relatively high degree of economic stability, absence of excessive governmental restrictions, freedom to repatriate capital and its earnings, and liberal incentives and guarantees for new investments, Peru has succeeded in attracting substantial new capital and is spurring economic development.

The new provisional government is pursuing economic policies conducive to private capital formation and all of the 3 major candidates in the June 10th election—who may again be candidates in the new elections scheduled for next year—have expressed recognition of the important role that private capital, both domestic and foreign, can play in raising living standards.

Import restrictions cloud Chile market for U.S. commodities

Government development plan does pave way for wide range of industrial trade and investment opportunities

By WILLIAM E. OWEN

American Republics Division, ORE

Chile's more severe import restrictions begun in January have been extended, particularly since June, to a growing number of products which formerly had found a ready market.

Competition in the Chilean market for heavy equipment, foodstuffs and some consumer durables has been intense among non-U.S. suppliers in West Germany, Argentina, Great Britain, Peru and Japan.

Although a strong preference for U.S. products continues, the lack of sufficient and timely credit has led many Chilean buyers to make needed purchases in Europe, Japan and South America. Preferences have been extended to products on Chile's national list which are imported from the Latin American Free Trade Association (LAFTA) countries.

The U.S. Embassy, however, reports a substantial reduction in imports from many countries, as indicated by the re-

duced cargo moving into Chilean ports.

Future trade and investment opportunities will be stimulated by Chile's 10-year economic program—as reflected in the 1962 development plans recently released by Chile's development agency, the Corporacion de Formento de la Produccion (CORFO).

These plans will be given a boost by a recent U.S. loan of $40 million to CORFO, which is part of the $120 million promised under the Moscoso-Goodwin Agreement. The funds will help to develop projects in electric power, transportation, irrigation, housing, school and hospital construction, and water and sanitary works. Some of the funds will be used for credits to private industrial and agricultural enterprises.

Development plans

Specific trade and investment opportunities can be found in CORFO's 1962 budget plans which call for new investments totaling 66.6 million escudos (1 escudo = US$0.95) of which $33.8 million is destined for foreign expenditures.

Some of the major projected outlays (in millions of escudos or U.S. dollars) include: Empresa Nacional de Electricidad, power, 18 escudos; Cia. Carbonifera Lota y Schwager, coal mining, 3.5 escudos; Empresa Pesquera Tarapaca, fish processing and canning, 1.6 escudos; industrial loans to the city of Valdivia, 0.3 escudos; irrigation projects, 1.6 escudos; loans to purchase agricultural machinery, $4; cattle development program, 5.5 escudos and $6.3; telecommunications, 1.1 escudos and $0.3; port improvements (Iquique) 9 escudos; forestry, 1.4 escudos; fishing industry, 1.8 escudos; and rural development credits, $4.

Chile's reconstruction and development plan, implemented in 1961, is opening up a wide range of trade and investment opportunities. These range from the medium and large iron and copper mining industries, housing and public works projects, communications, air and sea transportation, chemical industries and machinery, equipment and tools for agriculture, metal working, pulp and paper mills, construction industries to petroleum refining.

Joint-venture and licensing arrangements have been sought by Chilean firms in the areas of metal manufacturing, fish net manufacturing, candy making, and dairy plants.

Chile's serious balance-of-payments situation at the end of 1961 prompted a new system of trade and exchange controls. These regulations sharply restricted the import privileges of Arica and the southern free zones, removed several hundred items from the official list of permitted imports, established 2 exchange markets for foreign trade transactions, and required a prior deposit equal to the amount of the additional surcharge.

In spite of these restrictions imports still entered Chile at a fairly high level in anticipation of even greater restrictions. Where additional surcharges and import deposits are not too costly, there is still a strong demand for imports eligible for the more favorable banking free rate of exchange.

Imports discouraged

Chile enacted additional measures to discourage imports in June. Surcharge rates were increased on many classes of permitted imports and the Government also established a restrictive prior-import deposit system requiring 90-day advance deposits in special government dollar bonds ranging from 10% to 10,000% of the c.i.f. value. Banks that hold most of these dollar bonds may loan them but are not permitted to charge more than 10% a year in local currency to borrowers.

The practical effect of the 5,000 and 10,000% deposit classifications is to make products so affected practically prohibited. Although these restrictive measures were instituted on a temporary basis, it may be expected that unless the balance-of-payments situation improves rapidly, such measures will continue to be applied.

Imports from U.S. down

U.S. exporters have already experienced a decline in sales to Chile, particularly in consumer goods entered through the free ports and other less essential merchandise. Preliminary U.S. export figures for the first 6 months of 1962 show exports of $84.5 million, largely in foodstuffs; inedible vegetable products, except fibers and wood; nonmetallic minerals, metals and manufactures; industrial machinery; automotive assemblies and parts; and chemicals and related products. This represents a decrease of 23% over the first 6 months of 1961.

Almost the entire decrease was accounted for in 2 major U.S. export categories—textile fibers and manufactures and automotives vehicles and accessories. Textile fibers and manufactures, which had been imported largely through the free ports, declined from $10.1 million in the first 6 months of 1961 to $1.1 million in the same period of 1962. Manmade synthetic fibers and manufactures (largely prohibited list items) and raw cotton which comprised 82% of the major category in 1961 now make up only 8% of the total.

The import decline in automotive vehicles and accessories from $21.1 million in Jan.-June 1961 to $8.5 million in the first 6 months of 1962 was largely the result of these items being placed on the prohibited list of imports.

Only certain types of trailers and motor vehicle parts are allowed importation into Chile, except through the free ports and as stipulated in recently established regulations of the automotive industry (INTERNATIONAL COMMERCE, Sept. 3, page 41).

Advantages for LAFTA

U.S. exporters can anticipate other adverse effects on their trade with Chile, resulting from the more favored custom treatment enjoyed by contracting parties to LAFTA.

In addition to reduced import duties, products on Chile's list of concessions to the LAFTA countries are exempt from the recently established prior-import deposits which, in some cases, are quite costly.

For example, typewriters and parts, adding machines and parts, generators, alternators, hand and pneumatic tools, fishing equipment, portable mimeograph machines, and sewing machines and parts from Brazil, Argentina and Mexico now have definite advantages over U.S. export products.

Chile will continue to be a market for many types of U.S. goods, particularly products required for the country's developmental effort, but restrictive import policies and competition of third-country suppliers will call for increasing effort from U.S. firms.

CANADA LOOKS ABROAD

"Operation World Markets" has been scheduled by Canada for next spring. Department of Trade and Commerce plans call for an equipment buying mission from abroad, a national samples show, a trade commissioners' conference, and the second national export trade promotion conference. More than 200 businessmen and officials will be brought to Canada for inspection of plants, and 500 buyers will attend the national samples show.

DEVELOPMENT TRAINING

The Economic Development Institute, the World Bank's staff college in economic development, has been conducting training courses for officials from the less-developed nations since 1956.

German economic growth goes on at slackened pace; prices up, labor scarce

Foreign suppliers able to offer sharper competition as domestic producers contend with inflationary trend

By ALBERT CAYA, Jr.
European Division, ORE

Prospects for further increases in U.S. export sales to Germany remain good despite the somewhat muted pace of the German economy.

ALBERT CAYA, JR.

The overall economic situation in the Federal Republic through the first half of 1962 was marked by continuing growth, though at a much diminished pace. Wage-price inflation looms, and labor shortages are still acute.

In the first 6 months of 1962, industrial production averaged 3.3% above comparable 1961 levels. In most trade and service sectors a faster pace of expansion is evident. Consumer demand and spending continued brisk well into the third quarter, and are expected to remain buoyant in the months ahead. Government consumption also continued to grow rapidly and no slackening is expected in the immediate future.

Building

Construction outlays remained heavy throughout the period under review and are likely to continue substantial well into 1963. A more cautious investment climate coupled with recent Government restrictions on construction, however, have resulted in an easing of new orders for buildings and factory equipment.

Rapid wage increases and pressures for more of them—resulting in wage concessions in excess of productivity gains—are squeezing profit margins and creating strong inflationary pressures. Increased prices are making it more difficult for Germany to compete in foreign markets, while at the same time allowing foreign suppliers to compete more successfully in Germany.

Further information about country or area articles appearing in this department, as well as current information on commercial and economic conditions throughout the world, can be obtained from the Office of Regional Economics, Bureau of International Programs, Department of Commerce, Washington 25, D.C.

Commodity stories generally are prepared by the Business and Defense Services Administration (BDSA) industry divisions.

Reports are based on dispatches from U.S. Foreign Service posts and on departmental analysis.

Imports continued to increase at a substantial rate during the period under review while exports made less impressive gains. Food imports, triggered by special non-recurring factors, were especially buoyant. The German balance of payments, in contrast to past sizable surpluses, remained in near-equilibrium throughout the first half. Exports continued to produce a surplus in foreign trade accounts although on a more moderate scale than in past years.

U.S. upsurge?

Recent market surveys of selected commodity groups indicate increased sales of many U.S. product lines are possible. These market surveys covered, among others, non-electrical housewares; electronic and non-electronic measurement, control and automation instruments and apparatus; dental and dental laboratory equipment; camping equipment and boats; toys, hobbies and do-it-yourself items; automotive service and maintenance equipment.

Marketing problems and distributing methods vary from one commodity group to another. However, in most instances the establishment of local supply and servicing facilities were recommended as means by which U.S. products could gain a better footing in the German market. In all cases, German-language literature and advertising matter were found to be essential marketing tools.

U.S. international traders should still find continued markets for specialty food products; canned fruit and juices; men's, women's and children's sports, casual and better wearing apparel.

The special U.S. trade mission to Germany this past May also reported good prospects for sales of automation, quality-control and other labor-saving equipment. The tight labor supply situation and rapidly rising wage costs support the view that the German market is particularly ripe for major U.S. marketing efforts in this field.

Trade mission and other official U.S. efforts to promote increased exports to Germany are being augmented by the opening of a U.S. Trade Center in Frankfurt. The "premiere" trade exhibit scheduled at the Center for November 14-December 7 will be concentrated on electrical domestic applicances. With the rapid rise in real wages in Germany, the amount of income disposable for discretionary purchases has increased substantially. Import, production and sales statistics indicate that a good portion of this "free" income has gone into purchases of household appliances and equipment. Our first trade-center effort in Germany should do much to enhance U.S. sales in these product lines.

Favorable U.S. balance

U.S.-German trade developed substantially in the first half of 1962. Based on official German figures the balance of trade for the first half was $410 million in favor of the U.S. Exports from the U.S. entering the German market were valued at $866 million cost, insurance and freight, which represents a 16% increase over comparable 1961 levels, and a record. Conversely, exports to the U.S. were valued at $456 million freight-on-board, for an 11% increase over figures posted one year ago. According to computations based on Ger-

MACHINE FACTORY: A skilled worker at the Terrot machine factory in Stuttgart drills a piece of textile machinery produced at the plant. Germany's economy remains vigorous despite a recent slowdown in her economic growth rate, largely caused by a severe labor shortage. (German Information Center Photo)

man import statistics, the U.S. enjoyed 14.2% of the German import market in the period under review while U.S. import statistics indicate that the Federal Republic supplied 5.8% of U.S. imports.

The first half of this year saw several important actions inaugurated in Germany and the other EEC countries which will affect future prospects for U.S. exports to these areas.

Farm products

Effective January 1 the Federal Republic made its first adjustment of tariffs on farm imports from non-EEC countries to the Common External Tariff, and also made another cut in the tariffs toward other EEC countries. Nevertheless, U.S. farm exports to Germany rose in 1962.

On July 1, the common agricultural policy of the EEC became effective. Under the terms of this arrangement variable levies will be applied to imports of a broad range of agricultural products. Products affected in which the U.S. has a major interest include: wheat, rice and other grains; poultry; fruit; and meats. At the moment, there is little concrete data on which to base a sound evaluation of the short-term effects of these measures. German importers had acquired large inventories of poultry in the first half in anticipation of increased duties and levies on these products. Thus, import statistics over the next few months are considered doubtful indicators of any trends. Special factors in Germany are also likely to affect import of grains and thus nullify, in the short run, the inhibiting effects of the grain levies.

On August 1, sharp tariff increases were instituted for polyethylene, polystyrene, artificial and synthetic fabrics. This action was taken in retaliation for the U.S. escape clause action on carpets and glass.

Although the German economy continues to expand, economic statistics fail to give a clear picture of future prospects. Basic economic indicators have fluctuated widely from month to month throughout the first half. New orders booked by German industry, which had notably exceeded the relatively low 1961 levels in April and more so in May, weakened in June. Industrial production, on the other hand, exceeded last year's level only moderately through May, while June statistics showed a comparatively high growth rate of 7.5%. Industrial sales were brisk in May but sluggish in June. Activity in the wholesale trade paralleled that in industrial sales. In contrast, retail sales, which were up throughout the first quarter, slowed in May but re-accelerated in June.

In evaluating the potential market for U.S. goods in Germany, one must look to other indicators to gain some insight into sales possibilities. Increased income in the hands of consumers open widening vistas for consumer goods sales. Poor grain crops last year and only average or below-average yields this year should maintain at least the present level of grain imports from the U.S. Continuing activity in the construction field offers sales opportunities of equipment, building components and hardware. The acute labor shortage and rising wages make Germany a prime market for all types of labor- and cost-saving equipment.

Irish exports up 12% in '61; pass $500 million mark

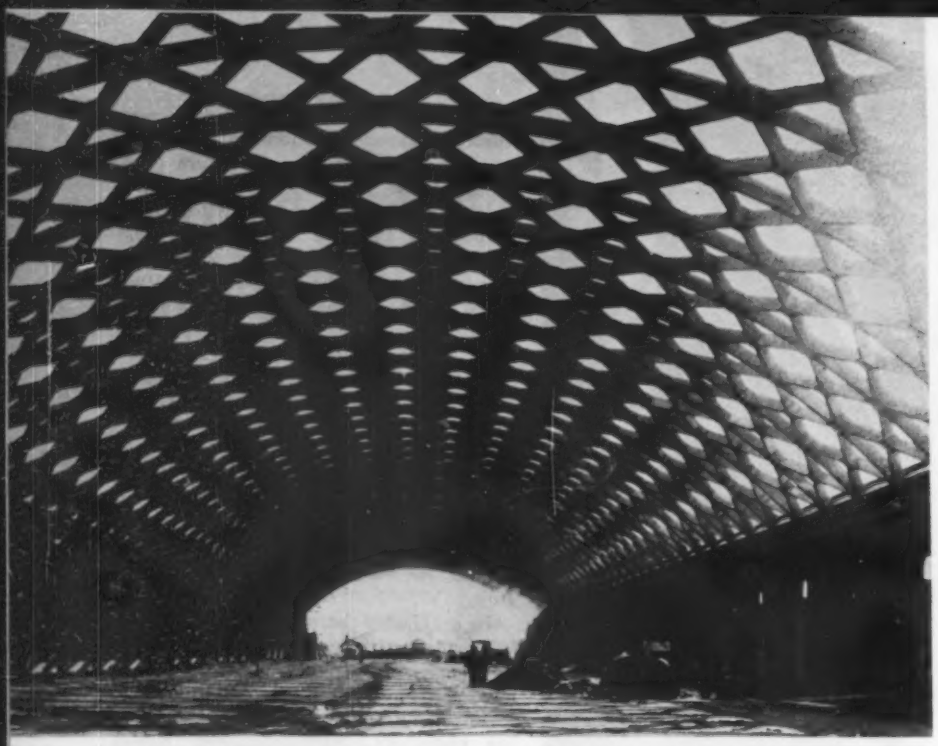
Ireland's exports rose by 12% in the last fiscal year to a record high of almost $507 million, according to the recently issued Annual Report of the Irish Export Board. The increase included gains in trade with the U.S., Britian, and the EEC.

Total exports to North America during the period were $40.9 million, compared with $34.3 million the previous year.

Principal Irish exports to the U.S. include beef, thoroughbred horses, specialty foods, fashion goods, footwear, raw wool, woollen fabrics, whiskey, beer and crystal glassware.

The report notes that during the past decade Ireland's economic progress has been on a larger scale and at a faster rate than at any time in the country's history.

Ireland has applied for membership in the European Common Market.



MODERN MARKETPLACE: The skeletal steel structure of the Grenoble food market. Agreement on a common agricultural policy among Common Market nations was the most significant economic development of the first half of 1962 for the French nation. (Photo Industrielle P. Bertrand—courtesy France Actuelle)

Common Market competition faces U.S. sales to France; machinery shipments soar

U.S. remains second among French suppliers; strong market for specialized equipment exists; French retailers want more information on U.S. goods

By ALEXANDER DAUMAN

European Division, OBE

While prospects for further expansion of U.S. sales in the French market continue to be good, the U.S. exporter must be ready to meet the challenge of growing Common Market competition.

Vigorous growth characterized the French economy in the first 6 months of this year and production surged ahead, spurred by automobile output and chemical recovery. Retail sales climbed as incomes and wages increased, while foreign trade reached new heights with both imports and exports rising.

France's external financial position was excellent as gold and convertible currency reserves reached $3.4 billion in August.

In the background of the basically strong economy, however, there were signs that industrial expansion may move at a slightly slower pace in the months to come. The bright economic picture was also somewhat clouded by rising food prices and the specter of further wage increases.

U.S. sales prospects

Various market and trade surveys point to excellent prospects for expanding French sales of U.S. scientific instruments and apparatus; laboratory equipment; electronic instruments and apparatus; food storage, handling and display equipment; packaging machinery, technologically advanced mechanical and electrical machinery; industrial maintenance and office equipment.

Rising living standards and consumer demand offer new prospects in the consumer goods field, heretofore given little attention by U.S. exporters. Possibilities now exist for increased sales of a wide variety of U.S. consumer goods including amateur photographic and movie equipment, phonograph records, luggage, men's and boys' casual or sportswear, women's ready-to-wear and plastic accessories, and sporting and camping equipment.

Competition is sharp, however, from domestic and other Common Market manufacturers whose promotional efforts in France are vigorous. Large numbers of them participate in numerous French trade fairs, where they overwhelmingly outnumber U.S. exhibitors.

French department store buyers assert that there is a strong demand for competitively priced U.S. consumer goods. These retail executives believe that representatives of U.S. industry should call on them more often and supply them with more exact information as to price, quality and design. Catalogs, price lists and descriptive literature should be in French, a practice common among German, Italian and other European manufacturers.

U.S. soft-goods manufacturers interested in additional income from sales to France should ascertain local styles, design preferences, traditional buying habits and sizes.

Trade rises

French trade with foreign countries in the first half of this year continued to rise in both directions. Imports reached 14,660 million new francs (1 new franc=$.202), having increased 11.3% over January-June 1961. Exports totalled 14,468 million new francs, an increase of 11.1% over the first 6 months of 1961.

The U.S. remained France's second supplier, obtaining 13.7% of the French import market, while Germany, the leader, garnered 21.9%. The U.S. share of the market in the first half of 1961 had been 15.2%.

France's Common Market partners accounted for 42.1% of imports from all foreign countries, compared with 39.6% a year ago.

U.S. industrial investment in France almost doubled during the 1958-61 period. There are indications, however, that the French will no longer indiscriminately welcome any American investment, as they now are inclining toward a more selective approach.

The most significant development in

the field of economic policy this year was the successful conclusion of agreement on a common agricultural policy by the Common Market countries, marking the passage to the second stage of the implementation of the Rome Treaty which founded the European Economic Community.

The first steps taken by France and her partners were: on July 1, a further 10% reduction in internal Common Market duties on industrial goods to 50% of 1957 base duties; and on July 30, elimination of duties and quotas on cereals, eggs, pork meat and poultry, and their replacement by variable import levies.

U.S. trade good

Although the U.S. share of French imports has declined this year, the U.S. performance in the French market has been generally good. According to Bureau of Census statistics, our exports to France in the first 6 months of the year rose from $300 million in 1961 to $313.4 million in 1962, an increase of 4.4%. U.S. purchases of French goods were up from $182.6 million to $218.3 million during the same period, showing a hefty increase of 19.6%.

U.S. participation in French industrial expansion was best evidenced by soaring U.S. machinery sales. Exports of machinery and vehicles increased by 30.6% to $138.5 million, a figure equal to 44% of total U.S. exports to France. Principal increases, in this category, occurred in sales of aircraft, up 90% to $24.9 million; electrical machinery (including electronic equipment), up 29.7% to $21 million; and industrial machinery, up 14.8% to $56.7 million.

Significant increases also occurred in exports of U.S. vegetable food products (mainly grains and fodder), which rose almost three-fold to $19 million. The largest single decrease was in cotton exports, which declined by 60% to $17.7 million.

U.S. imports from Franch rose in almost all major categories. Due to heavy purchases of French aircraft by U.S. airlines, machinery and vehicle imports soared to $41 million, 53% above the January-June period of 1961. Large increases also occurred in imports of French metal manufactures and wines.

Output expands

French industrial production continued to expand at a higher rate than last year. In June the seasonally corrected industrial production index was up 7% over the corresponding period in 1961.

The high expansion rate was particularly due to recovery in the automobile and chemical industries as well as excellent results in the petroleum and printing sectors.

There are indications, however, that the rapid growth of French industrial production was not matched by a similar expansion in demand in all industrial sectors. Order books of machine tool manufacturers, for example, are not currently as well filled as they were a year ago. Demand for construction materials is also decreasing.

The slackening of demand in these sectors is believed due to a lower general investment rate this year.

In spite of the somewhat less favorable industrial outlook, economic growth in 1962 is expected to reach the 5.5% goal fixed by French economic planners.

Strong demand continued in the consumer goods sector. Retail sales were up 18% in May, and the average increase for the January-July period was 12.3% over the comparable period of last year.

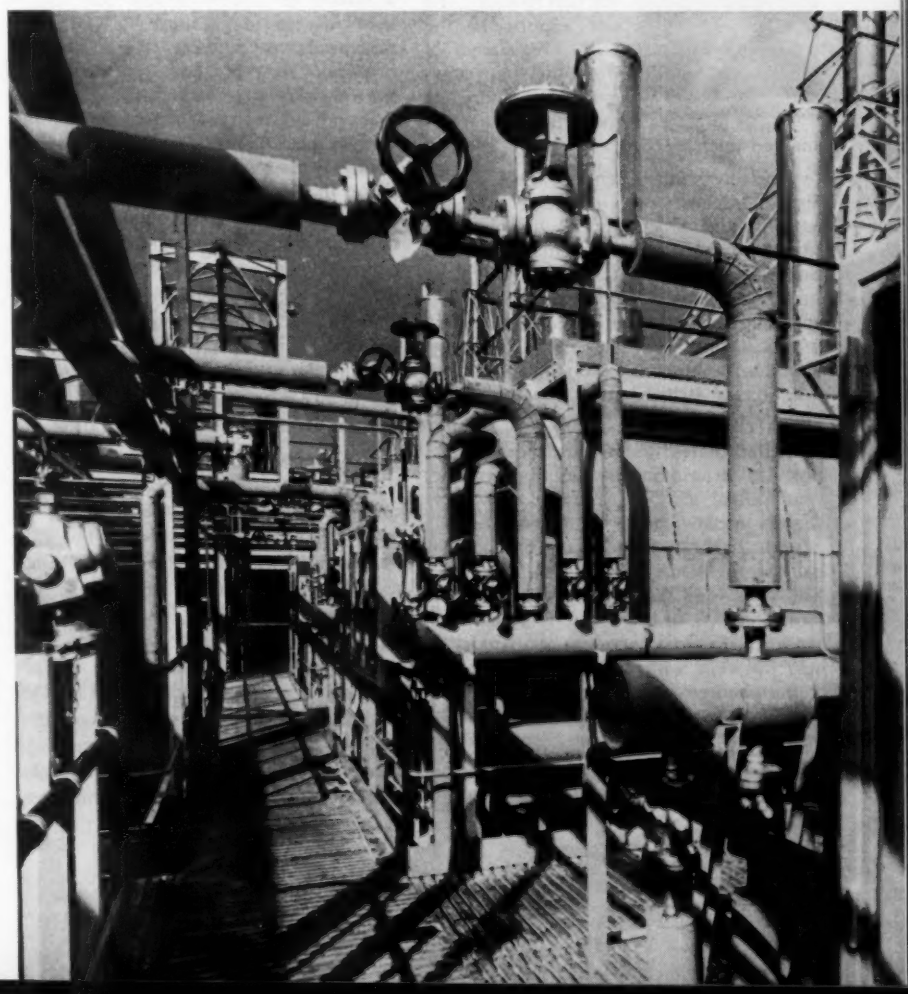
Principal economic problems presently facing the French Government are rising food prices and wage disparity in various sectors of the economy.

Higher support prices for agricultural commodities granted last year due to farm pressure, small yields in spring produce and shortages in retail food arrivals were the principal causes of price increases. The cost-of-living index in July was 6.3% over the same period a year ago. Wholesale prices, however, other than for foodstuffs, remain remarkably stable.

Substantial real wage increases were registered in the heavily industralized areas where a labor shortage persists. In other areas and in the public sector (nationalized industries and government), wage increases failed to keep pace with the cost-of-living. Consequently, further wage demands are expected this fall.

The Government is studying means to halt the rise of food prices and assure a more equitable income distribution. Wage increases will undoubtedly have to be granted, but the resultant additional demand should be easily absorbed. The Government may employ credit mechanisms, to channel more funds into the economy to stimulate investment.

FRENCH FACTORY: Part of the Pechiney-Saint-Gobain factory at Chauny, France's largest producer of phthalic anhydride. France presents excellent prospects for sales of U.S. scientific and electronics instruments and apparatus, and laboratory equipment. (Photo Saint-Gobain—courtesy France Actuelle)



NEW COMPETITIVE SITUATION

Gradual recovery of sales of industrial raw materials to Britain hinges on EEC

Good prospects for an increase of U.S. exports to U.K.; Effect of entry into Common Market worries traders; keen interest in obtaining U.S. licenses

By ROBERT W. HAMERSCHLAG
British Commonwealth Division, ORE

With the British economy showing indications of a slow recovery from last year's slump, there are good prospects for an increase of U.S. exports to the United Kingdom during the latter half of this year. During the first half of 1961 our exports to the U.K. registered a slight decline; however, our share of the total market remained unchanged.

Robt. W. Hamerschlag

The most encouraging feature of the British recovery was a steady rise in exports and a continued improvement in the balance of payments. But the domestic market still lacked buoyancy, new investment was down and consumer spending showed little increase. A mood of uncertainty prevailed in the business community, reflecting the still unresolved question of British entry into the Common Market.

United States trade statistics show exports to Britain in the first half of the year valued at $517,811,000, only very slightly below the comparable 1961 period. U.K. trade statistics for the first half of the year indicate that the U.S. had 10.6% of the market, virtually the same share as in the previous year. Our exports of most agricultural products held up well, with especially sizable increases being shown by corn, lard and canned fruits. But our sales of tobacco were down and textile fibers, particularly cotton, slumped.

Exports of industrial raw materials to the United Kingdom continued the decline noted in the last half of 1961. Virtually the entire range of industrial materials were at lower levels with sharp drops in exports of such base metals as aluminum, copper and zinc. Exports of chemicals fell and woodpulp was sharply down. It is evident that British industry has been drawing down its inventories of raw materials, and re-orders have just started to come in. This should presage a revival of exports of raw materials to the U.K. in the second half of 1962. Should British industry fail to maintain its pace of recovery, however, the demand for raw materials may slacken again by the end of the year. Exports of machinery and apparatus to the U.K. remain strong, with a decline in machine tools more than compensated for by a rise in exports of electronic equipment. Sales of electronic computers and related accessories were running more than double the 1961 figures. Prospects in the machinery field remain good but are dependent on the speed with which British firms undertake modernization of facilities in order to meet the expected competition from the Common Market.

Our imports from the U.K. totaled $496,958,000, up almost 25% from the comparable levels last year. Almost all categories showed increases but the most sizable gains were scored by automobiles, scotch whiskey, steel, particularly tinplate, and machinery. Although U.K. exports of cars to the U.S. showed a sharp rise when compared with the abnormally low levels of the first half of 1961, the market prospects are not promising. Actual car sales are lagging, and it now seems likely that the total sales figures for 1962 will show a decline over the previous year. But sales of luxury and sports cars have held up well, and such makers as Standard-Triumph and Jaguar have improved their position. In the economy car class Britain continues to do poorly, experiencing the same selling problems as most foreign car producers with the exception of Volkswagen.

Trade Center effective

During the first half of the year, the U.S. Trade Center in London continued its efforts to promote the sale of U.S. products in Britain. Among the trade shows held were toys and games, lamps, electronic equipment, photographic equipment and books. During the second half of the year handbags, medical equipment, children's books, and agricultural exhibits will be featured. Our trade promotion efforts in Britain were bolstered by the visit of a U.S. trade mission specializing in machinery and equipment which spent six weeks in the U.K. trying to stimulate the sale of U.S. products. The Mission reported that a promising market existed for U.S. products, particularly within the fields of automation and instrumentation.

The most encouraging feature in the British economic picture at mid-year was the steady improvement in exports while imports dropped slightly. The 2.3% increase in exports was due primarily to recovery in exports to the sterling area coupled with a continuing increase in exports to Western Europe. The rise in exports was sparked by greater sales of engineering products, accounting for more than one-third of the total increase. Textile exports were up, reflecting greater deliveries of man-made fiber textiles, while cotton and woolen textile exports showed little change.

Total U.K. imports were down by 1% below the comparable 1961 levels. Imports of foodstuffs were up slightly but industrial materials fell, although the decline was greater in the first quarter. There is some indication that the drawing down of stocks has ended, and imports of industrial raw materials can be expected to rise in the latter half of the year. Imports of machinery remained steady and consumer non-durables were up slightly. There were few significant changes in the pattern of imports by source of supply.

Domestic weak spots

While the rise in exports and the strengthening of the balance of payments provided grounds for optimism in Britain's external trade, the domestic scene was less favorable. Although some recovery from the 1961 slump is evident,

there are numerous weak spots in the economy and business confidence seems lacking. The first quarter of 1962 probably saw the bottom point of the stock cycle, by the end of the second quarter there was evidence of some restocking and this trend should accelerate in the second half of the year. Investment in manufacturing industry however, has fallen for two successive quarters and none of the forward indicators—factory building permits, construction orders, capital goods orders, portend an upturn.

Some observers suggest that manufacturing investment may go on falling well into 1963. They see this as a disturbing prospect, coming at a time when British industry could be expected to speed up its plans for modernization and realignment to prepare for the sharpening competitive threat of the Common Market. A generally hesitant and uncertain mood seems to pervade the British business community. The failure of Britain and the Six to reach full agreement by the beginning of August did nothing to dispel an uneasiness felt by British industrialists. Although the substantial majority of British industry is in favor of entry into the Common Market, there is widespread uncertainty as to just what the effects of entry will be and what should be done to strengthen the British competitive position. Many industrialists talk of diversification and modernization and there is a keen interest in licensing new products from American producers. The trend towards mergers is increasing and the larger-size groupings are becoming the common form of organization in many parts of British heavy industry.

Industrial production rose

Industrial production rose slowly in the first half of the year but the results were spotty. Among the basic industries, engineering continued to lead the way, with export orders offsetting the slump in domestic demand. Export orders are being completed at a rapid rate and order books are likely to shrink unless there is a spurt in new orders in the next few months. Although there was a substantial improvement in overseas orders, the U.K. car industry has shown only a moderate recovery. Total production, 660,000 cars, was well above the first half of 1961 when the industry was in the throes of a recession but considerably below the boom levels of the first half of 1960. Domestic sales have been disappointing, and reflect perhaps the consumer's reluctance to undertake heavy obligations at this time. Other consumer durables have also made only a relatively slow recovery from their 1961 lows.

The British steel industry shows few signs of revival; it continues to operate at about 75% of capacity, and re-stocking on the part of steel consumers is proceeding at a slow pace. The wide strip mills are well-booked and the recovery of the automobile industry has stimulated sales of sheet steel but most other sectors of the steel industry are suffering declines. There are signs that Britain is becoming less steel-intensive, primarily as the result of a change in emphasis in its industrial production mix.

Profit margins in most sectors of industry remain under fairly severe pressure, depreciations is absorbing a higher proportion of profits with a consequent fall in the earnings for equity capital.

Consumer spending steady

Consumer expenditures, if they have risen at all in the first half 1962, have moved upward only slightly. The reduction in purchase taxes may have sparked a slight rise in purchases of consumer durables and a reduction in downpayment requirements for installment buying does provide a further stimulus. Retail prices have risen about 3% in January-June 1962, largely the result of higher food costs. Wages probably rose by a slightly lower percentage. Considering the price and income trends, and allowing for a slight rise in employment and hours, personal disposable income, in real terms, is likely to increase by 2% for the year as a whole.

To summarize the economy's prospects: exports will continue to rise gradually, and will, in combination with an anticipated recovery in stock-building and some increase in consumer spending lift total demand and output slightly. Most observers do not envisage an expansion of sufficient strength to induce an upturn in fixed private investment.

In terms of our own trade prospects this could mean a gradual recovery in our sales of industrial raw materials but stagnation or a possible decline in our exports of capital goods. Much will depend on the economic policies to be followed by the British Government, and the speed with which British industry reacts to the new competitive situation arising from the Common Market.

WORLD BANK

During the 1962 fiscal year, the World Bank made 29 loans for development projects in 19 countries and territories, worth a total of $882 million.

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Swedish growth peaking; U.S. sales prospects good despite stiff competition

American food products proving especially popular; newest EFTA cut will bring tariffs to 50% of old rate

By GRANT OLSON
European Division, ORE

American exporters will find a favorable but increasingly competitive market in Sweden. The continued liberal treatment of imports makes the entry of U.S. goods into the Swedish market easy. At the same time, the acceleration of duty reductions on industrial goods originating in EFTA member countries creates stiffer competition for American exporters in many fields.

Economic activity in Sweden, which started to level off at the end of 1961, continued this trend during the first half of 1962. Foreign demand for Swedish forestry, iron and steel products continued weak.

Mounting inventories in pulp and paper mills forced producers to cut production. Iron and steel mills experienced a decline in domestic orders and announced plans to curtail production during the rest of the year. The trend of production in consumer goods' industries, however, was on the whole upward.

The shortage of labor had eased by June and there was an approximate balance between labor supply and demand, although the demand for skilled labor was characteristically high.

Exports boost reserves

Despite the weakened market for some export sectors, overall exports were 9% higher during the first half of 1962 than in the same period of 1961. This increased export trade contributed to a substantial increase in Sweden's gold and foreign exchange holdings.

Imports into Sweden during the same period also increased, but by a slower rate of 6%.

U.S. statistics show that exports to Sweden totaled $130 million (f.o.b. value) during the first half of 1962, compared with $128 million in the same period of 1961. U.S. imports from Sweden during the first half of 1962 were valued at $87 million, compared with $69 million in the same period of 1961.

Increased exports of aircraft and parts have contributed heavily to the rise in 1962 exports. Other major export groups which showed increases were vegetable products, certain machinery and vehicles and chemicals.

Sales drops

Shipments of tobacco, metals and manufactures, power generating machinery, construction machinery, office machinery, metal cutting machinery and machine tools were lower than in 1961.

The rise in U.S. imports from Sweden was due chiefly to larger purchases of paper base stocks, metals and manufactures, automobiles and parts, and machinery.

The American Embassy in Stockholm has reported that a noteworthy development during the first half of 1962 was an increase in Swedish imports of U.S. food products. The gain was due chiefly to larger receipts of American fruit, which was imported more freely because of a below-normal fruit crop in Sweden. There were also larger imports of dried fruit and fruit juices.

While U.S. manufactured goods enter Sweden freely, some agricultural products are subject to restriction, and fresh apples and pears are subject to seasonal controls.

EEC application

Sweden's application for associate membership in the European Economic Community was acknowledged by the EEC Council in May and Sweden was invited to make an opening statement before the Council. This was done on July 28, 1962.

The European Free Trade Association members have continued to accelerate their reduction of duties on industrial

SWEDISH RESEARCH: A technician at the Astra technical-chemical plant in Sodertalje, Sweden, checks on the progress of his latest experiment. Chemicals are one of the leading U.S. exports to the Swedish market, along with shipments of aircraft and aircraft parts. (Swedish-American News Exchange photo)

goods imported from each other, and have agreed to another 10% cut in import duties. Thus, the tariff advantage on dutiable industrial products enjoyed by EFTA members will be 50%.

Sweden is among the EFTA members that will put this new tariff cut into effect on October 31, 1962. Thus, American exporters may expect to find stiffer competition in many Swedish sectors during the last part of 1962.

Imports running 13% ahead of '61 through August

Adjusted August figures were 2% higher than July totals

The Census Bureau has announced that, on a seasonally-adjusted basis, U.S. general imports during August were valued at $1,377 million, about 2% higher than the July seasonally-adjusted total of $1,353.4 million.

For the first 8 months of 1962, U.S. general imports based on seasonally-adjusted figures were at an annual rate of $16,209 million, about 13% higher than the annual rate of $14,362 million for the corresponding period of 1961.

For the 3 month period, June-August 1962, general imports on a seasonally-adjusted basis were at an annual rate of $16,305 million, a slight decrease from the annual rate of $16,381 million for the preceding 3 month period, March-May 1962.

The August general imports total, unadjusted for seasonal change, amounted to $1,358.8 million, an increase of about 2% over the July unadjusted total of $1,337.1 million.

This change reflected increases in imports of 7 of the 11 major commodity groups which were partly offset by decreases in imports of the 4 remaining groups. The more notable increases occurred in imports of nonmetallic minerals; edible animals and animal products; wood and paper; inedible animals and animal products; and the miscellaneous group.

Decreases were reported in imports of metals and manufactures, except machinery and vehicles; vegetable food products and beverages; textile fibers and manufactures; and machinery and vehicles.

U.S. exports to Netherlands rise 10% in 1st half of '62; investment interest drops

Industrial output rise of 2½% falls below earlier levels; labor shortage cripples expansion of production facilities; U.S. exporters must improve distributor relationships

By ANN P. BROSNAN
European Division, ORE

Prospects for higher U.S. exports to the Netherlands appear good for many products during the second half of 1962. However, the increase during the rest of the year will probably not match the 10% first half gain registered over the like period of 1961.

ANN P. BROSNAN

The Netherlands economy is operating at peak levels. Industrial production during the first half of 1962 rose only 2½% over the corresponding period of last year, considerably less than that of the 1959 and 1960 boom years.

Wage increases and tax reductions helped boost consumption by 5.3%. Both imports and exports increased, with imports from the U.S. gaining more rapidly than total Dutch imports.

On the other hand, total industrial investment started to decline, and the influx of U.S. investment diminished. The labor shortage grew more acute, and the time required to obtain building permits and construct new plant facilities increased.

Sales prospects

Opportunities for increasing U.S. exports appear especially bright for soybeans, various kinds of machinery (particularly advanced types of machine tools and automation equipment), tele-communications apparatus, laboratory and testing instruments, coin-operated laundry equipment, and certain organic chemical specialties.

Good prospects can also be found in various attractively-priced consumer lines, such as clothing specialties, cosmetics and toilet preparations, fancy paper products, photographic equipment, articles for sport and recreation (especially bowling and camping), and prepared food specialties.

Most promising clothing items appear to be sportswear, ladies' dresses (particularly bridal gowns), maternity garments, childrens' clothes and shoes, men's shoes, high-quality men's trousers, and insulated underwear.

The reduced turnover tax on certain "luxury" goods, notably refrigerators, became effective July 1, and one large Dutch grocery store chain has started a program to sell refrigerators on a large scale.

To contend successfully with the increasing European competition U.S. exporters must tailor their products and services to the specific requirements of the Dutch market.

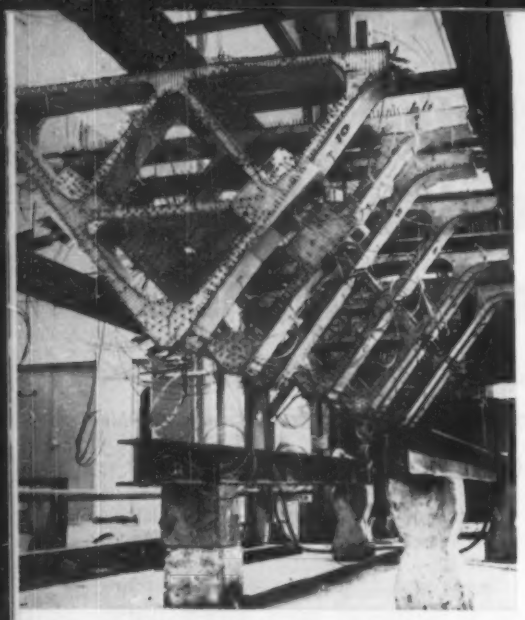
Great care should be exercised in choosing a distributor, and once he is selected, the American exporter should back him up fully. The exporter should avoid jumping from distributor to distributor, without allowing sufficient time for the original choice to develop a market for the goods concerned.

The distributor should have up-to-date information on the products he handles, including new uses developed for them in the U.S., as well as technological developments which might improve his ability to service them. Another effective means of supporting the Netherlands distributor is a willingness to share some of the promotional expenses required to market your products in the Netherlands.

The American exporter should be sure that adequate servicing can be provided, particularly on such items as major household appliances, vehicles and machinery.

More attention should also be given to sales promotion and the pricing of U.S. products in line with competing items.

U.S. exports to the Netherlands rose to $373 million in the first half of 1962,



PRODUCES GIRDERS: A laboratory in Delft, Netherlands, turns out concrete sections which have been merged to form one complete girder. Seventeen such girders are being installed in the sluice complex in the enclosing dam across the Haringvliet, an estuary in the southwest which is to be sealed off from the North Sea. (Netherlands Consulate General)

a gain of more than 10% from the January-June period of 1961. Imports dipped by less than half a percentage point to $101.4 million.

Pacing the rise in U.S. exports were grain and its preparations, $94.4 million (up 41%); chemical specialties, $23.7 million (up 33%); industrial chemicals, $15.9 millon (up 28%); meat and meat products, $8.6 million (up 33%); and industrial machinery, $29.6 million (up 16%).

Declines were registered by oil seeds, $22.8 million (down 5½%); aircraft and parts $13.8 million (down 34%); and coal tar products $10.6 million (down 4%).

The U.S. share of total Dutch imports rose to 12.1%, compared with 11.4% in January-June 1961. The Netherlands trade with its Common Market partners also continued to increase, and these countries now account for nearly half of total Dutch imports.

The prospects for U.S. exports to the Netherlands in the second half of this year are enhanced by the country's rising consumption levels.

However, this factor may be outweighed by a number of developments likely to affect U.S. exports adversely.

The position of our EEC competitors in the Dutch market was strengthened by another 10% reduction in Benelux duties on industrial imports from EEC sources effective July 1. Reductions to Common Market countries now total 50% of the 1957 Benelux tariff levels for industrial goods and 35% for most agricultural products.

On August 1, the Benelux countries and their Common Market partners upped their duties on imports of paint and varnish, polyethylene, polystyrene and artificial and synthetic textile fibers from the U.S. These increases were in retaliation against a boost in U.S. import duties on carpets and glass.

U.S. agricultural exports are expected to suffer from the Netherlands implementation of the European Economic Community's Common Agricultural Policy (CAP), which took effect on August 1. Products now covered by the CAP (grain, fruits, vegetables, pork, poultry, eggs, and wine) comprise over one-fifth of total U.S. exports to the Netherlands.

The U.S. Government is putting increased emphasis on helping American exporters expand sales to the Netherlands. More extensive counselling facilities and marketing information are being made available to exporters through the Department of Commerce in Washington and its Field Offices.

The American Embassy and Consulates in the Netherlands are providing on-the-spot guidance to visiting U.S. businessmen, arranging appointments with trade associations and prospective customers. In addition, these posts are increasing their output of Trade Contact Surveys, Trade Opportunities, World Trade Directory Reports, market surveys and other material to help American Exporters sell in the Dutch market.

Investment drops

U.S. investment in the Netherlands slackened during the first half of the year, but a number of American firms are considering investment possibilities there and may decide to establish operations during the coming months.

Principal impediments to new investment include the labor shortage, which is acute in most industrial areas, and longer delays in obtaining building permits for and construction of new plants. A number of U.S. firms already established in the Netherlands have had to postpone their expansion plans because of the tight construction situation.

Industrial production in the first half of 1962 advanced 2½% over the same period of 1961. Higher productivity provided an important stimulus, as industry adjusted to the 5-day 45-hour work week introduced last year. Expansion of industrial output, while expected to continue close to the rate for the first half of the year, will be limited by the persistent labor shortage and the building industry's inability to meet demands for construction of additional production facilities.

Order backlogs of firms producing capital goods began to decline, while hardly any change was reported in order backlogs for consumer goods industries. It is estimated that total industrial investment for the year 1962 will drop 18% below the $794.4 million (2,879 million guilders) invested in Dutch industry during 1961.

Consumption rose more sharply that production, gaining 5.3% from the January-June period of 1961. Wholesale prices increased 2% and the cost of living index advanced 3.2%.

Foreign exchange reserves at the end of June reached $1,755 million (6,360 million guilders), an increase of 6% over the level of one year earlier.

Shipments of aluminum from U.S.S.R. increase

Soviet exports of 94,800 short tons of crude aluminum in 1961 were about 26% above the 75,000 tons reported in trade statistics for 1960. In the last 5 years, exports reached a peak of 126,700 tons in 1958, declining in the 2 succeeding years.

Satellite countries took about 74% of total U.S.S.R. exports in 1960 and 79% in 1961. By far the largest amount, one-half or more of all exports, went to East Germany.

The United Kingdom, receiving 7,600 tons, was the largest free-world customer in 1961, followed by Finland with 4,400 tons and the Netherlands with 3,700.

Exports of rolled aluminum products, although small in comparison with crude exports, have more than doubled in the past 5 years—from 6,400 tons in 1957 to 14,900 tons in 1961. Cuba was the major 1961 customer, receiving 4,400 tons, while bloc countries took almost all the balance.

BRITISH CITRUS QUOTA

The United Kingdom has announced the quota for imports of grapefruit juice and orange juice from the dollar area. For the 12 months period beginning October 1, 1962, the quota will be 300,000 pounds sterling, ($840,000) c.i.f., the same as last year.

HYDROFOIL SERVICE BEGUN

Hydrofoil service between Cannes, France and San Remo, on the Italian Riviera, was started recently. The 50-mile trip takes about 2 hours.

Norwegian market still good despite economic slowdown

U.S. supplying larger share of Norway's imports; nation applies for Common Market membership

BY GRANT OLSON
European Division, ORE

Prospects for U.S. export trade with Norway continue favorable despite a slowdown of economic activity. Competition will be keener due to further tariff reductions on industrial goods originating in other EFTA member countries.

GRANT OLSON

Production and employment reached new levels in Norway during the first half of 1962, but at the end of the second quarter there were many indications of a leveling in the business cycle. Domestic demand, particularly for capital goods, continued to increase, while production in several important export industries such as pulp and paper, herring oil and fish meal industries, tended to slow down and in some instances actually dropped.

While tighter credit conditions are expected to dampen demand, Norwegian economic observers hold that this factor will probably not ease the pressure on Norway's balance of payments during the second half of 1962 because production and employment are expected to remain at high levels.

Norwegian retailers and wholesalers, most of whom are experiencing record sales, continued to express optimism concerning total 1962 business volume. Sales of clothing, furniture, food and beverages increased significantly, and the average increase in retail turnover for the first 5 months of 1962 was about 8%.

Trade with U.S.

U.S. foreign trade statistics showed that exports to Norway totaled $51 million (f.o.b. value) during the first half of 1962, compared with $45 million in the same period of 1961. U.S. imports from Norway were valued at $47 million (f.o.b value) during the first half of 1962, up slightly from $46 million in the same months of 1961.

Norwegian trade statistics showed that the U.S. accounted for 7.6% of Norway's total import trade during the first 5 months of 1962, compared with 6.8% in the same period of 1961. In most agricultural products the U.S. improved its position as a supplier to Norway, whereas in textile fibers, yarns and textiles, iron and steel, machinery, transport equipment (excluding ships), and instruments its share of the Norwegian market slipped.

U.S. opportunities

The opportunities for American exporters to expand their sales was improved by the Norwegian Government's action of July 1, 1962, which added the following products to the large list of goods which may be imported into Norway without an import license: crude and refined soya oil, cottonseed oil, coconut oil, biscuits and wafers, soap powder and some detergents, doors and frames, stationery and furniture.

Relatively few commodities still require an import license. Among them are coffee, rice, fixed animal and vegetable oils, wood tar, charcoal, reconstituted wood, enamel bathtubs, some types of refrigerators and home freezers, TV and radio receivers and some types of ships.

A further liberalization has been announced for January 1, 1963, when most of these products will be granted license free entry into Norway.

EEC membership

Norway has made formal application to become a member of the European Economic Community (Common Market) and presented its statement to the EEC Council of Ministers on July 4.

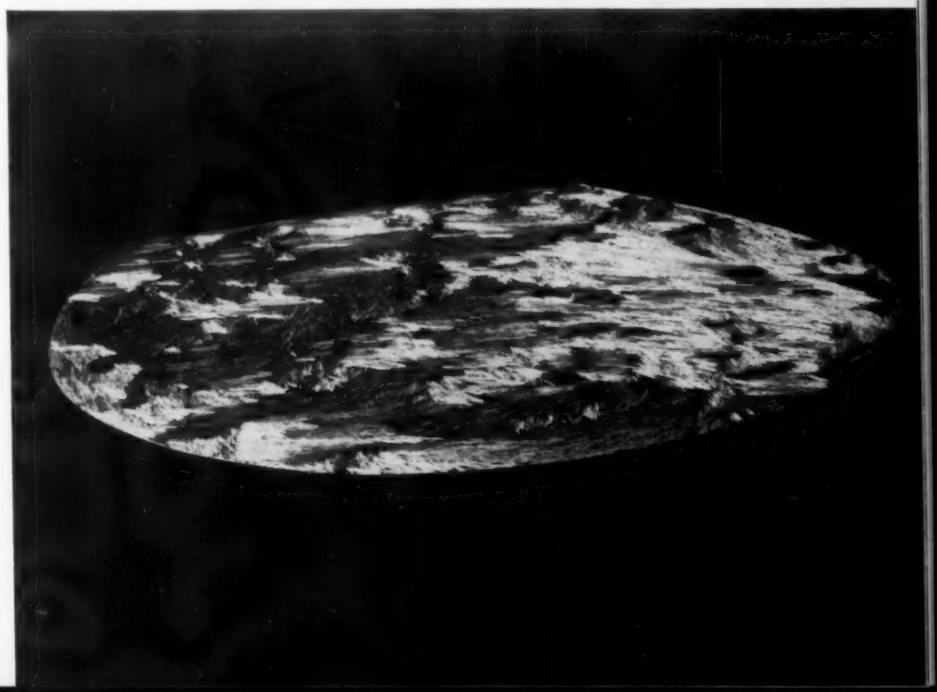
During the second quarter of 1962 the Norwegian Storting approved a further 10% cut in the duties applied to most industrial products originating in other EFTA member countries. This reduction became effective September 1, 1962 and brought the Norwegian tariff level down by 40% of the basic tariff rates.

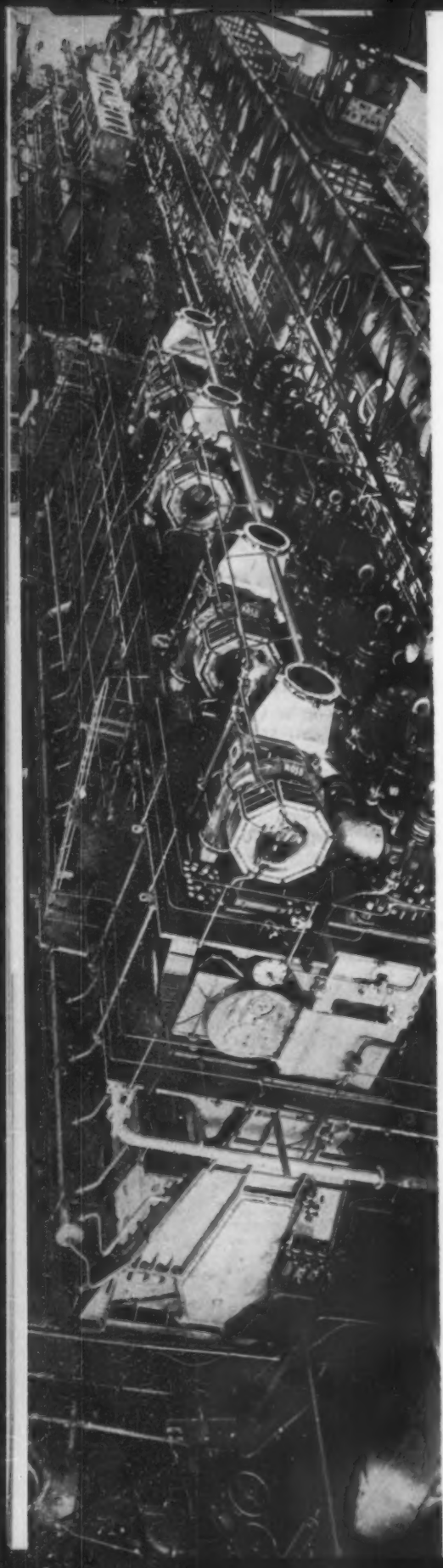
Norway has until April 30, 1963 to take action, on the next 10% EFTA tariff cut, scheduled for October 31, 1962.

WORLD BANK LOANS

The total of World Bank development loans passed $6 billion during the 1962 fiscal year, with the Asian/Middle Eastern area leading all other recipients with $2,184 million. The Western Hemisphere is next with $1,613 million, followed by Europe, $946 million; Africa, $885 million; and Australia, $417 million.

LASSOED LUMBER: A tugboat chugs across a Norwegian lake, towing a load of lumber to a mill for processing. The economy reached record levels in Norway during the first half of 1962, and Norwegian businessmen are optimistic despite predictions of a downturn. (Norwegian Information Service photo)





EFTA concessions threaten U.S. benefits from Danish easing of import controls

American processed food exhibits show profit potential; Government adopts turnover tax to combat inflation

By ANN HOLMES
European Division, ORE

Danish liberalization of additional imports provides an opportunity for American exporters to increase sales to Denmark during the second half of 1962. At the same time, the progressive reduction of tariffs on industrial products imported from other EFTA countries will have a real competitive effect on U.S. trade with Denmark.

ANN HOLMES

A major economic development in Denmark during the first 6 months of 1962 was enactment of a general wholesale turnover tax on most products (domestic and imported) except food. This tax was adopted as part of a political compromise to combat inflationary pressures generated by the high level of economic activity during the past 2 years. Economic activity, however, started to slow down in 1962 when industrial production slackened due to a growing labor scarcity.

Nevertheless, the Danish Government felt the situation warranted special steps to halt inflationary pressures and restore internal financial stability to maintain long run economic growth.

Common Market entry

There were no new developments relative to Denmark's application for membership in the EEC. Further action on the application awaited the outcome of the United Kingdom's negotiations for admission to the EEC. In the meantime, much thought was devoted to the practical considerations of Danish membership and many meetings on the problem have been held.

Denmark has continued to liberalize import restrictions. The measures effective July 1, 1962, provide American exporters with an opportunity to at least modestly increase their sales to Denmark.

Among the items freed from import restriction are citrus, pineapple, apricot, peach and grape juices; fresh grapes; fruit pulp for industrial purposes (except apple, pear, cherry, plums, berries and net melon); surgical and pharmaceutical rubber; cocks, taps and valves weighing over 3 kilos; and parts and accessories for rail and tramway equipment.

Further commodities are scheduled for liberalization in January and July 1963.

Global quotas are established for the first time for imports of sausage and canned meat and frozen and canned vegetables. The quota for natural honey was more than tripled and that for alcoholic beverages except wines, which are still subject to quantitative import restrictions, were increased by 10 to 20%.

U.S. sales unchanged

Imports from the U.S. for the first 6 months of 1962 amounted to $82.8 million (8.1% of total Danish imports) compared to $82.3 million (9% of the total) during the same period of 1961.

While there was no appreciable change in the trend, decreases in the imports of machinery, aircraft and tobacco were offset by increased sales of grain, feedstuffs and oil seeds due to the late spring.

The progressive reduction of tariffs by EFTA countries, with Denmark's reduced 50% by October 31, will begin to have a real competitive effect on U.S. export trade to Denmark in the coming months.

American foods

A demonstration of Florida grapefruit sections and American rice in the foodshop of a leading Copenhagen department store this spring aroused considerable consumer interest.

The effectiveness of the various food and beverage demonstrations held at this store suggests that American producers of processed foods which are being imported into Denmark might profitably

LOTS OF HORSEPOWER: A Burmeister & Wain testing hall for large diesels puts this big engine through its paces. (Danish Information Office)

DEVELOPS NATURAL RESOURCES: Like many other countries, Denmark is putting emphasis on development of her natural resources and power facilities. Shown above is a photo of the Acheloos River Dam.

adopt this method of promoting their products in the Danish market. Such demonstrations can be arranged with the department store through the importing distributor.

To combat accelerating inflationary pressures brought on by full employment, high consumer demand and price increases, the Danish Parliament passed several bills, including a 9% general turnover tax on the wholesale level. The main permanent exemption from the tax is foodstuffs.

A ban on new public works and restrictions on private construction were another part of the anti-inflation program. The target is a 15% reduction in building activities. The Government has tied itself to an austerity program designed to limit 1962-63 operational expenditures to $1,238 million.

Labor stability

The labor market has enjoyed a high degree of peace and stability. Almost every Dane desiring employment could find a job.

Unemployment in the active labor force in mid-1962 amounted to only .7% or 5,500 persons. Unless a concentrated campaign is conducted to obtain more women and perhaps pensioners in the labor market, there will scarcely be any new labor available above the normal 20,000 persons who annually enter the labor market.

Denmark has been highly reluctant to allow the entrance of foreign labor, and only about 9,000 such foreigners currently hold valid work permits. Further expansion of production, therefore, must come from increased efficiency and labor saving devices.

Investment prospects

Although there was no new American capital investment in Denmark reported during the first 6 months of 1962, European subsidiaries or branches of American firms have been fairly actively seeking to enter the Danish market. Among the products for which these firms have sought marketing information or distributors were sporting goods, paint, radios, office machinery, foundation garments, and chemicals.

The balance of trade deteriorated substantially in the first half of 1962, imports during January-June 1962 exceeding exports by $235 million compared with $184 million in the same period of 1961. Price changes between the 2 periods were an adverse factor, with prices of imported merchandise being about 2% higher and export prices of the principal agricultural commodities 5% lower on an average this year.

Consumer buying, particularly of consumer goods in anticipation of the 9% turnover tax on wholesale prices, was also a contributing factor toward the imbalance.

Preliminary data indicate that foreign exchange reserves dropped $13 million during July, from $152 million to $139 million. The deterioration on current account was slightly greater since the proceeds of a $2 million loan subscribed in the U.S. by the Funen Municipal Telephone Company were received in July.

World newsprint output and use reach new highs

Newstock gains seen through '64; consumption in Common Market up

Newsprint paper, used primarily in newspaper publishing, reached new highs in world production and consumption in 1961. Further gains through 1964 are in prospect, Business & Defense Services Administration reports.

The 1961 production figure was 15,992,000 short tons compared to 15,413,000 tons in 1960. Apparent consumption in 1961 was 15,876,000 tons, up 3.1%.

Canada is the world's principal producer. The 1961 output there of 6,735,000 tons was fractionally below the 1960 peak, the decline reflecting the reduced level of advertising in U.S. newspapers—the principal Canadian market. Other major producing countries are the U.S., Finland and Japan.

The U.S. is the largest world consumer of newsprint and the 1961 figure of 7,376,000 tons was up 44,000 tons from the 1960 level. The 1962 estimate is 7,645,000 tons. While the U.S. depends largely on Canada for newsprint supplies, domestic producers are increasing their share of the market.

Newsprint machinery orders in Europe indicate that Communist-bloc countries will be expanding their production.

Consumption in Western Europe, particularly the Common Market countries, has shown a 104% gain since 1953. In Asia, the gain in that period has been 92% with Japan and India leading.

AUSTRIAN POWER: Ybbs-Persenbeug hydroelectric power project on the Danube. Although Austria's industrial expansion appears to be peaking, consumer demand for U.S. products has remained strong.

Austria offers favorable market for many U.S. products; import liberalization levels expanded

About 1,400 tariffs reduced to stimulate imports; 7-month shipments from U.S. lag then show upswing

By ROBERT E. DAY, Jr.
European Division, ORE

Prospects for U.S. exports to Austria have brightened in 1962 despite a slow start in the first few months. Increased liberalization of imports from the dollar area, higher quotas for controlled imports, and lower duties on many industrial products should enhance the Austrian market for a variety of finished U.S. products.

ROBERT E. DAY, JR.

A slowdown in the rate of overall economic expansion is causing purchases of investment goods and consumer durables to stabilize at last year's levels. With industry facing severe labor shortages and rising costs, the Government is striving to keep mounting wage-price pressures under control. Moderately inflationary pressures are also being exerted by ample bank liquidity derived from record tourist receipts and sizable imports of foreign capital.

The quickening of U.S. interest in the Austrian market cuts across commodity lines. Tariff cuts and quota increases have opened up increased opportunities for a wide variety of consumer goods and finished products.

Market opportunities

Favorable markets exist for organic and inorganic chemicals, pharmaceuticals, fabrics and garments, household appliances, sound-recording and reproduction equipment, and some types of labor-saving machinery.

Grain imports are expected to remain at or slightly above last year's levels while U.S. exporters of poultry and frozen vegetables can look forward to increased sales. Extensive lists of individual commodities benefiting from this year's tariff cuts have appeared in earlier issues of INTERNATIONAL COMMERCE.

Development of a more flexible import policy has been one of the key features in the Government's price-stabilization program.

Import liberalization

Import liberalization levels were expanded early this year to include 93% of imports from the U.S. and the other OECD nations.

Global quotas for non-liberalized imports are slated for a 30% increase on October 1, following hard on the heels of a similar 20% across-the-board increase which became effective on July 1.

Altogether, about 1,400 tariff positions have undergone rate reductions in 1962 with most of the duties being cut by 8 to 10% of base rates. Most of the reductions were designed to stimulate imports as a check on domestic prices and will remain in effect at least until December 31, 1962.

Permanent duty reductions for 35 tariff positions were incorporated in the Austro-U.S. Agreement on Mutual Duty Concessions stemming from last year's GATT negotiations. Further tariff actions have been proposed and are likely to be approved.

U.S. imports

Imports from the U.S. in the first 7 months of 1962 still lagged behind those for the corresponding period last year, despite an upswing which began in June and gained momentum in July. According to Austrian statistics, imports from the U.S. amounted to $49.6 million in the first 7 months, compared with $55.6 million in 1961.

In the same period, exports to the U.S. reached $27.5 million, an increase of $2.4 million over last year.

Imports from the U.S. in June 1962 were up 6% over June 1961, while July imports jumped 20% over the same period in 1961.

If the summer trend is sustained through the rest of the year, total imports from the U.S. should exceed the $88-million annual total of 1961. The upswing reflects the favorable impact of more liberal import policies on U.S. deliveries to Austria.

The U.S. share of total Austrian im-

ports in the first 7 months of 1962 was 5.6%, slightly off the annual rate of 5.9% set in 1961.

The U.S. share of Austria's exports is about 3.8%.

Total Austrian imports and exports in the 7-month period amounted to $878.3 million and $722.9 million. The cumulative trade deficit of $155.3 million at the end of July was 11% lower than last year at the same time, since Austria's exports have been rising faster than imports.

U.S. products were unable to hold their proportionate share of the expanding Austrian market as Austria's EFTA partners, especially Switzerland and Denmark, and its EEC neighbor Italy increased their relative shares. Intra-EFTA duties, currently 40% of base duty, provide a continually increasing advantage to EFTA members. Austria's next 10% reduction to EFTA is expected on December 31.

U.S. export commodities which failed to hold their own were cotton, ore, fuel and rubber, reflecting smaller requirements for imported raw materials. West Germany is still Austria's major trading partner accounting for 42% of imports and 27% of exports.

Long-range prospects for U.S.-Austrian trade will depend partly on the success of Austria's bid for an association with the Common Market. Negotiations with the EEC authorities are likely to take place early in 1963.

Highlighting efforts to further U.S. export interests this fall was an Embassy-organized exhibit at the 1962 Vienna Fall Trade Fair, held in September. The U.S. contribution involved about 40 Austrian representatives of U.S. firms, a "Visit U.S.A." display, a U.S.I.S. exhibit and a Trade Information Center. About 2,070 foreign firms and 2,750 domestic exhibitors participated in the fair.

Bank liquidity

Foreign-exchange earnings reached an all-time monthly peak of 55.4 million in June and are considered to be an important factor in Austria's high degree of bank liquidity. Total gold and foreign-exchange reserves now equal $1 billion, a record high. The ratio of gold to foreign exchange now stands at 4.6, with U.S. dollars accounting for about 96% of foreign currency holdings. An important step toward full convertibility of the schilling was taken on August 1, when Austria adhered to Article VIII of the I.M.F. statute, under which payments on current accounts are no longer subject to foreign-exchange restrictions.

Tourism is flourishing. Gross foreign currency earnings from that source during the first 7 months were set at $212 million, 30% more than a year ago. Should the present trend continue, tourist receipts this year may reach a record $370 million, against last year's $254 million.

While new credit extension was relatively modest, the money supply is experiencing upward pressures emanating from high budget outlays, surplus bank liquidity and rapid increases in mass incomes. These expansionary forces will be intensified by the release of counterpart funds made available under the U.S.-Austrian Agreement on a European Recovery Program Counterpart Settlement of March 1961.

As its contribution to the stabilization of the schilling's purchasing power, the Austrian National Bank raised minimum reserves for the second time this year, effective August 1, and partially facilitated capital exports by residents. As from July 4, residents may purchase foreign stocks without a special license, against foreign currencies, provided the transaction is carried out by an authorized Austrian bank, and that the acquired securities are deposited with that bank.

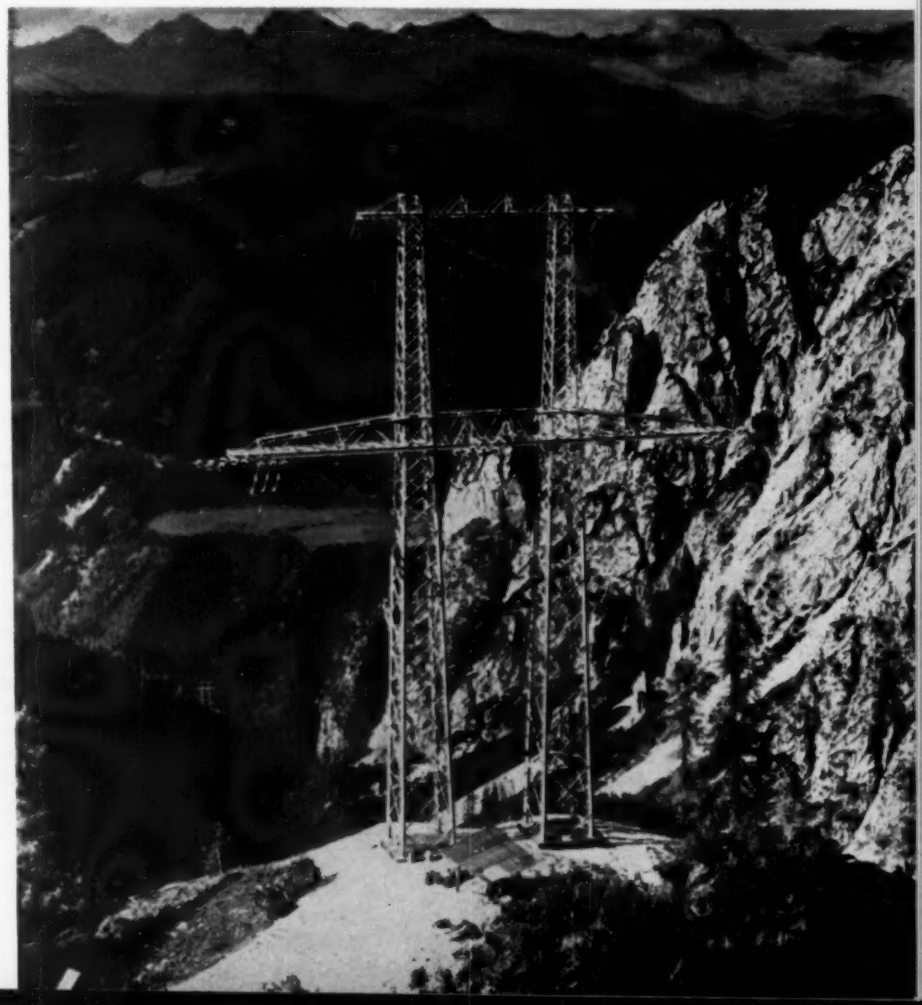
Additional successes in the effort to alleviate wage-price pressures were achieved during the summer through the exercise of restraint by labor and management. However, by mid-July the consumer price index still stood 4.6% above the July 1961 level.

Industrial output and private consumption remain generally high but rates of expansion are low. Output in some branches such as investment goods and consumer durables is held in check by limited sales possibilities, while the demand for nondurable consumer goods continues at a lively pace. In some sectors particularly construction, severe manpower bottlenecks hamper more rapid growth.

Real GNP is currently expanding at an annual rate of about 2.5% considerably less than the desired average of about 4%.

A successful accommodation with the Common Market would provide a renewed stimulus to economic growth, which is now impeded by uncertainty about future trade relations.

OVER THE ALPS: Power lines span some of the world's most popular tourist spots in the Austrian Alps. Earnings from Austria's flourishing tourist industry are running 30% ahead of 1961. (World Bank Photo)



U.S. boosts share in BLEU's growing import mart; sales likely to slow in 2nd half

First-half 1962 gain is 7.6%, with consumer lines, anthracite, machine tools, automation items leading

By ROBERT WALKER
European Division, ORE

U.S. exports to the Belgium-Luxembourg Economic Union (BLEU) should continue to expand throughout the rest of 1962, although the rate of increase may diminish from the 7.6% gain registered in the first 6 months over the comparable period of last year.

ROBERT WALKER

The Belgian economy is at peak levels, but not all sectors are participating in the general uptrend this year and some slackening is envisioned during the next few months. With full employment achieved, labor shortages are increasing in a number of industrial areas.

Opportunities for increasing U.S. exports to BLEU look good for a number of consumer lines and industrial products. Particularly promising consumer items include rainwear, sportswear, recreational equipment, photographic equipment and small appliances. Among the industrial products likely to register better-than-average gains are anthracite, advanced-design machine tools and automation equipment.

Best chance

Greater competition may be expected in consumer goods and the more standardized industrial products, particularly from Common Market sources. New products and products embodying advanced techniques stand the best chance of competing successfully.

In view of the increasing competition, U.S. exporters must tailor their products and services as closely as possible to the BLEU market's requirements. More attention should be devoted to sales promotion and to pricing American products in line with competitive items. Everything possible should be done to ensure adequate servicing on such items as major household appliances, vehicles and machinery. Shipping methods should be closely examined to be sure that delivery time is held to a minimum and that costs are not unnecessarily raised by less than optimum shipping arrangements.

Metric system

Wherever possible, U.S. equipment should be adapted to the metric system, and electrical items should be shipped ready for using the current in the customer's area. Printed material such as advertising copy, promotional literature, and instructions in using products should be drafted in both the local languages, French and Flemish.

Especially important is a prompt and helpful reply by American firms to any inquiry received from abroad, particularly one written in a foreign language. When the courtesy of a reply is denied a foreign firm seeking to purchase American products, potential business is often directed to non-U.S. sources, and the American business community as a whole may undeservedly gain a reputation for lack of interest, inefficiency or rudeness.

Boons and burdens

U.S. exports should benefit slightly from the removal of all Belgian quantitative restrictions on importation of anthracite coal effective September 1.

Developments likely to impair the competitive position of U.S. exports include another 10% reduction in BLEU duties on industrial imports from its Common Market partners effective July 1. This brings total reductions granted to those partners to 50% of the 1957 duty rates for industrial goods and 35% for agricultural products.

On August 1, BLEU and the other Common Market countries raised their duties on imports from the United States of paint and varnish, polyethylene polystyrene, and artificial and synthetic textile fabrics. These increases were made in retaliation for a boost in U.S. import duties on carpets and glass.

U.S. agricultural exports are expected to suffer from the BLEU implementation of the Common Agricultural Policy (effective August 1) of the European Economic Community (EEC). Items currently included in the Common Agricultural Policy—grains, fruits, vegetables, pork, poultry, eggs and wine—account for around one-sixth of total U.S. exports to BLEU.

Up 8%

U.S. exports to BLEU during the first half of 1962 rose to $219 million, up nearly 8% from the like period of last year. Imports gained much more sharply, jumping 28% to $203 million.

The rise in U.S. exports was paced by the agricultural sector, as follows: grains and preparations thereof, $37.6 million (up 54%); fodder and feeds, $3.5 million (up 105%); and vegetables and preparations thereof, .9 million (up 73%).

Major industrial sectors posting substantial gains include synthetic fibers and manufactures thereof, $5.8 million (up 31%); iron and steel mill products, $3 million (up 46%); metal manufactures, $2.8 million (up 31%) and paper and related products, $2.2 million (up 16%). No significant change occurred in the

More information

Inquiries regarding Food for Peace authorizations may be directed to the Programs Operations Division, Foreign Agricultural Service, U.S. Department of Agriculture, Washington 25, D.C. Telephone: DUdley 8-6211 or DUdley 8-5433. For actual purchase information, call the embassy of the nation involved.

Availability of counterpart loan funds obtained through surplus food sales under the Food for Peace Program can be determined through the Office of Development Financing and Private Enterprise, Agency for International Development (AID), Washington 25, D.C. Telephone: DUdley 3-8063.

For information concerning government insurance for overseas investments, contact the Investment Guarantees Division of the Agency for International Development (AID), Washington 25, D.C. Telephone: DUdley 3-8363.

important chemicals and allied products sector, which aggregated $34.3 million in the first half of 1962.

Declines

Among major sectors of U.S. exports to BLEU showing declines were rubber and rubber manufactures, $3.8 million (down 43%), machinery, $41.3 million (down 4%), petroleum and petroleum products, $5.8 million (down 5%), and fruits and fruit preparations, $4.3 million (down 5%).

The United States increased its share of the total BLEU import market to 10.3% for the first half of 1962, from 9.04% in the like period of last year.

BLEU's trade with its Common Market partners continued the uptrend of recent years. Imports from those countries account for about half of total BLEU imports.

The U.S. Government is pushing its Export Expansion Program vigorously in the BLEU area. More extensive counseling and marketing information is being made available to the American exporter through the Department of Commerce in Washington and its field offices in other major cities. The American embassies and Consulate General in the BLEU are providing expert guidance to U.S. businessmen visiting that area, arranging appointments with trade associations and prospective customers. In addition, these posts are turning out an increasing number of Trade Contact Surveys, Trade Opportunities, World Trade Directory Reports, market surveys and other material to help American exporters evaluate and sell the BLEU market.

Investors

Foreign investment in Belgium continued at a high rate during the first half of 1962, but in the later part of that period some leveling off was noted. Fewer investments were made by large American firms, but the number of smaller U.S. companies interested in establishing in Belgium increased, particularly with respect to forming joint ventures.

Belgium continues to be a relatively attractive investment location. Plant sites are still available. The labor situation, though tight in some areas, has not yet reached the critical level existing in some other Common Market countries. The Government still offers reduced interest rates and other incentives to foreign investors, but its efforts to attract new investment are becoming more selective.

The economy showed a further increase in the first 6 months of 1962. Industrial activity in the second half of 1962 averaged about 17% above the comparable period last year.

Coal continued to be a problem, with decreased production caused by a continued labor shortage and the closing of marginal mines. Belgian steel producers renewed their protest to the High Authority of the European Coal and Steel Community (ECSC) against restrictions on the importation of bituminous coal into Belgium. They are anxious to obtain larger quantities of foreign coal, particularly from the United States, in view of the relatively high prices of domestically mined coal.

Wholesale price levels remained steady, but retail prices rose slightly. This rise activated a wage escalator clause, increasing basic wages and salaries by about 2.5%.

Belgium's economic activity is expected to continue for the rest of the year at high levels. International price pressures and the domestic labor shortage may cause the rate of increase to level off or even diminish somewhat during the latter part of the year. Domestic consumption, which has been slow to reflect recent increases in real wages, is likely to be more dynamic in the months ahead. Aided by relatively stable wage levels and high productivity gains during the past 2 years, Belgium's competitive position appears to have improved with respect to its Common Market partners as well as to third countries.

Luxembourg

The downturn in Luxembourg noted at the end of 1961 carried over into 1962, though some easing came by mid-year.

Industrial production for the first 6 months of 1962 declined moderately below the comparable period last year. The cost-of-living index advanced less than 1%. Employment increased 3¼%, almost wholly due to an influx of foreign workers. The already limited labor supply became even tighter. While output of the bellwether steel industry dipped 4½% to 1,896,891 metric tons, activity in the construction industry was up.

Declines were registered by most segments of medium industry, including beverages and tobacco products, lumber, chemicals (including rubber), and textiles. On the other hand, gains were reported for food products, furniture, printing, non-metallic minerals and metals. No change occurred in metal manufacturing.

Luxembourg is obtaining its share of foreign investment, although the country's efforts along these lines are not as active as formerly. The Board of Industrial Development, created especially to attract foreign investment, was abolished at the end of 1961. Nevertheless, 3 American firms have since made new investments in Luxembourg or have indicated intentions to do so. Several others, already situated in Luxembourg, have announced expansion of existing facilities.

Spain's new import list may help U.S. sales

U.S. traders must adapt to Spanish market; new basic banking law eases foreign investment curbs

By ARLEY T. CAUDILL
European Division, ORE

Prospects for American goods in the Spanish market increased considerably in the first half of 1962, with the publication of 2 new liberalized lists of goods no longer subject to import license.

Industrial production is about 10% above last year and agricultural output has the best prospects since 1959. The near record wheat harvest, some 50% over 1961, will obviate the need for imports during the coming season.

The sixth liberalization list was published in February 1962, and included about 100 tariff items. The seventh list appeared in June and contains about 450 items. The largest part of the latter list became effective July 16, while some items are not effective until November 1 and January 1, 1963.

U.S.-style goods

Items of special interest to U.S. exporters include rubber products, turbines and pumps, earth-moving machinery, food processing machinery, textile machinery, laundry and dry cleaning equipment, machine tools, electrical calculating machines, electrical furnaces, time-keeping mechanisms, hospital and medical furniture on the sixth list and photographic paper, disinfectants and insecticides, paper, certain synthetic fibers, nylon netting, asbestos, pumps and compressors for refrigerators, air conditioners, scales, mechanical loaders, electric

shavers, track-laying tractors and electric typewriters on the seventh list.

During the first half of 1962 liberalized goods accounted for 49% of total Spanish imports; goods under global quotas, 24%; under license, 19%; and 8% under state trading operations.

Basic banking law

In April the Spanish Cortes passed a basic law on credit and banking. This law is potentially of major significance to the Spanish economy, and it will be implemented by regulations over a 2-year period.

A major liberalization of controls over foreign investments occurred in May 1962 when restrictions on the transfer abroad of profits and dividends and the repatriation of capital were removed, and such operations may now take place without limitation.

This applies however, only to capital invested in Spain since July 28, 1959.

Internal controls on industrial enterprises were also liberalized to permit them to modify and renew capital equipment as well as alter their volume and quality of their production. They may also avail themselves of the most adequate raw materials, energy and auxiliary equipment available.

This change only applies to existing enterprises. New establishments still require specifice approval in each case.

Reports from Spain continue to emphasize that expansion of the market for manufactured goods depends on greater adaptation of goods to the needs of the Spanish market and the offering of more favorable price and credit terms. Many European firms have increased Spanish sales as a result of greater attention to these factors, despite expressed preferences for American manufactures.

Spain's gross gold and foreign exchange reserves totaled $1,018 million at the end of July 1962, compared with $330 million at the end of May 1961. Spanish officials estimate that close to 10 million visitors will come to Spain in 1962 and spend in excess of $500 million. This is well ahead of the 8 million visitors who spent $350 million in 1961.

Spain's total imports during the first 4 months of 1962 increased by 36% over the corresponding period of 1961. U.S. exports to Spain totaled $180 million in 1960, $269 million in 1961 and $117 million during the first 6 months of 1962.

During the first 4 months of 1962 the U.S. supplied 19% of Spain's imports, thus maintaining its lead over Germany, the U.K. and France as the principal source of Spain's imports.

There has been a consistently high level of Spanish exports over the past 18 months. During the first 4 months of 1962 there was a minor increase of 4% over the corresponding period of 1961. The United Kingdom, the Federal Republic of Germany and France continue as the main buyers of Spanish goods.

Spain's sales to the U.S. amounted to $87 million in 1960, $84 million in 1961 and $45 million in the first 6 months of 1962. Major U.S. imports from Spain are olives and olive oil, metals and metal manufactures, and chemicals.

In recent years Spain has greatly increased its association with the Western economic community by affiliation and cooperation with the OECD, GATT, the International Monetary Fund and the World Bank. Formal application was recently made for association with the Common Market, and the Government is seriously considering what kind of relationship with that group would be most beneficial to the Spanish economy. The World Bank has recently completed an extensive report on investment in Spain which is expected to have wide influence in the nation's economic development plans.

Eleven more imports liberalized by Spain

Imports of eleven additional products have been freed of licensing requirements by the Spanish Government, the U.S. Embassy in Madrid reports.

The products affected are fresh fish; fish eggs; fish, salted, dried or smoked, not including codfish; prepared or preserved fish; jams, jellies and marmalades not containing added sugar; prepared or preserved fruits, not containing added sugar; fruit and vegetable juices without added sugar; hydraulic cements; glutamic acid and its salts; simple super-phosphatic fertilizers; and loose metallic parts for electric shavers.

Liberalization was made effective from August 27 for all products except parts for electric shavers, for which the date is Jan. 1, 1963.

Although liberalized products no longer require an import license, an import declaration must be filed with the Ministry of Commerce.

BELGIAN CIGARETTES

Cigarette output in Belgium during the first 5 months of 1962 totaled 5 billion pieces, up 6% from the 4.7 billion produced in January-May 1961.

Synthetic rubber output surpasses natural product

World production mixed; natural rubber consumption up; U.S. uses almost 40% of total

World production of natural rubber dipped to 175,000 tons in July 1962 compared with 190,000 tons for July 1961, according to estimates of the Secretariat of the International Rubber Study Group.

The output for the first 7 months of 1962 was estimated at 1,142,500 tons against 1,152,500 tons in the corresponding period a year ago.

Deliveries from U.S. and U.K. stockpiles for July 1962 were 6,000 tons and for the first 7 months of 1962 were 38,000 tons.

Natural rubber gains

World consumption of natural rubber was placed at 175,000 tons in July 1962 compared with 162,500 tons in July 1961. In the first 7 months of 1962, consumption was 1,260,000 tons and in the same period of 1961, 1,197,500 tons. Estimated imports into Soviet Russia and Red China included in these figures totaled 38,000 tons in July 1962, 31,000 tons in July 1961, 260,000 tons in the first 7 months of 1962, and 234,200 tons in the first 7 months of 1961.

Excluding production and consumption for Iron Curtain countries, world synthetic rubber production was estimated at 180,000 tons and consumption at 162,500 tons for July 1962. In July 1961, output and consumption were 165,000 and 142,500 tons respectively. In the first 7 months of 1962, production totaled 1,282,500 tons and consumption 1,220,000 tons, while in the same period of 1961, the figures were 1,095,000 tons and 1,067,500 tons respectively.

World consumption of natural and synthetic rubber totaled 2,480,000 tons for the first seven months of 1962, compared with 2,265,000 tons in the same period of 1961. Consumption in the U.S. increased 16.8% from 841,091 tons to 982,400 tons, while consumption in foreign countries, excluding Soviet Russia and Red China, increased 4.3% from 1,189,709 tons to 1,237,600 tons.

Surging Italian economy provides attractive market for U.S. export goods

Common Market competition cuts U.S. share of market; dynamic merchandising can capture sales opportunities; industrial growth and imports run 11% ahead of 1961

By RAYMOND R. RIESGO
European Division, ORE

The year 1962 looks like another top year for the Italian economy, with nearly all indicators pointing to a growth of about 7 to 8%, roughly equal to that of the 1961 boom year.

RAYMOND R. RIESGO

With a solid gold and foreign exchange position, top growth potential, and no significant letdown in capital investment expected, Italy continues to present one of the most attractive markets for U.S. exporters

Foreign trade, spurred by record activity in both imports and exports, reached new heights in the first half of this year. Imports of $2.9 billion were up almost 11% over the first half of last year, while exports of almost $2.3 billion registered a gain of 16% over last year's first half figures.

Imports from the U.S., despite sharp cuts in wheat purchases, amounted to $447 million, slipping only $17 million (3.7%) from the $464 million figure of first half 1961.

However, trade with the Common Market continued to reflect the dynamic expansion taking place in the Community. Italian imports from EEC countries in the first half represented 31.4% of the total, up from the 27.9% for the same period of 1961. Sales to the Common Market absorbed 34.5% of Italy's total exports, compared to 31.3% in 1961.

In the first 6 months of this year the industrial production index reached 216.5 (1953 = 100), a boost of 11% over the previous year.

Heavy domestic demand keynoted the expansion. The auto industry, producing at record levels, continued to be one of the pacesetters in this sector. Output in the first half of this year was up 25% over the same period of 1961, reaching a total of 470,000 vehicles, while exports of 164,000 vehicles were up 34%. The foodstuffs, chemicals, petroleum derivatives, and synthetic fiber industries also showed good gains.

Despite a slight reduction from December 1961 levels, gold and foreign exchange reserves at mid-year stood at the satisfactory level of about $3.2 billion, helped by the steady growth of tourism which continues at an incredible pace.

The year 1961 saw a record 19 million foreign tourists arrive in Italy. Estimates for this year put the total at about 20.5 million with no end in sight. The tourism industry, a pace-setting foreign exchange earner, regularly covers some 60% to 70% of the chronic trade deficit.

U.S. market share

Although a slight slackening of overall purchases from the U.S. reduced our share of the market somewhat, strong gains were registered in imports of machine tools, electrical equipment, telecommunications apparatus, aircraft and non-electrical machinery.

A recent survey by the Association of Italian Manufacturers (CONFINDUSTRIA) indicated that capital investment for new plant and modernization of existing facilities was expected to amount to about $11.2 billion in the 1962-1965 period. About 36%, or $4 billion of this will be invested in Southern Italy.

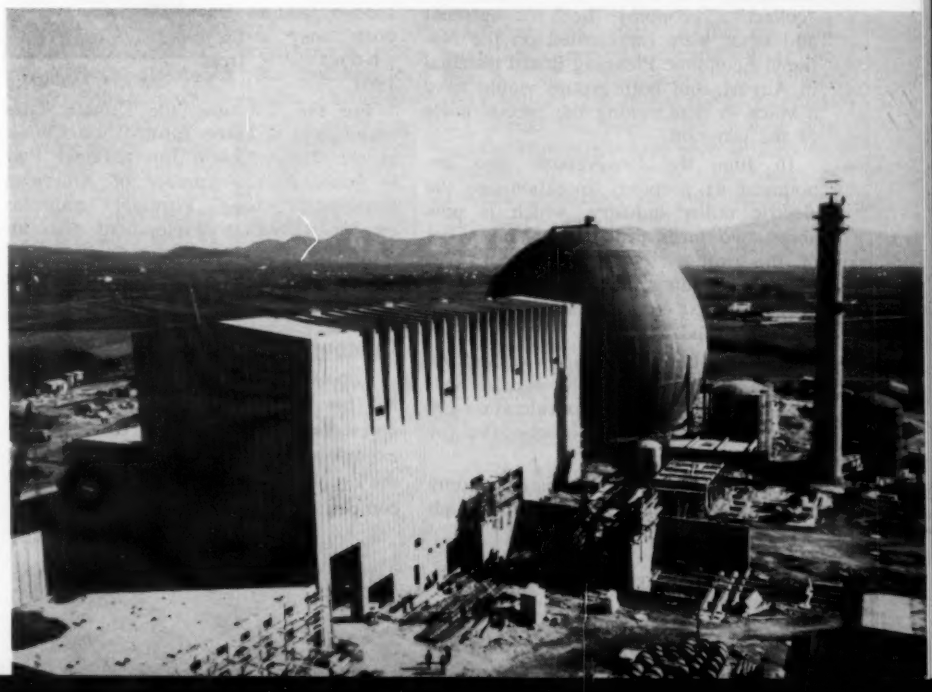
These industrial investment plans, combined with the Italian consumer's steadily increasing income, present very attractive sales possibilities for the U.S. exporter. An aggressive, dynamic merchandising drive in Italy, similar to that conducted here in the U.S., could sell practically any product according to some authorities. Competition is keen, however, particularly from the Common Market countries.

Care should be taken in selecting an appropriate agent, and once appointed he should be given adequate support to let him do a real selling job. Personal contact through a visit to the country is still one of the best and most useful methods of getting started in a new market.

Spurred by an upswing in sales of wool fabrics and clothing, leather gloves and shoes, textile machinery, and autos, Italian exports to the U.S. reached $199.1 million during the first half of 1962, up 20% compared to the similar period of 1961.

Unemployment remains low as the economy continues to successfully absorb

FIRST NUCLEAR POWERPLANT: The recently completed SENN nuclear powerplant, on the Garigliano River near Naples in southern Italy, is expected to begin supplying power by mid-1963. World Bank photo)



new job seekers. Wage rates continue their steady upward movement and are probably an average of nearly 10% above a year ago. Labor costs over the past year appear to have outrun productivity increases, in contrast with earlier periods.

By mid-1962 retail prices had risen about 5% over the past 12 months, due principally to increases in food items, rents and clothing.

Investment was being maintained at a high level through the mid-year point, with business continuing to depend heavily on external financing of its capital needs. A decline in stock market prices since late 1961, which perhaps anticipated the new Government's announcement of proposals to nationalize the electric utilities, was accelerated this spring following the declines on the major foreign stock markets. By July some recovery of stock prices had been made.

Economic planning

Since its installation in March 1962, the "center-left" government has taken the first steps toward the adoption of long-term economic planning to replace the system of piece-meal area and sectoral programming which is well underway. Since 1959, about 10 programs for development of special sectors or regions have been approved. These include programs for agriculture, highways, railroads, Sardinia, waterways and housing, and involve expenditures of approximately $7 billion over periods varying from 5 to 15 years.

Government leaders have repeatedly emphasized that long-term programming would be developed along lines similar to those followed in other Western governments, and does not contemplate a "collective" economy. Both management and labor were represented on the National Economic Planning Board installed in August, and both groups would have a voice in determining the special goals of the program.

In June the Government also announced its proposal to nationalize the electric utility industry, which is now about two-thirds privately owned. Cost of the proposal would be about $2.4 billion, excluding interest, which would be paid in 20 equal installments over a 10-year period.

The Chamber of Deputies was expected to vote on the bill by the end of September, with Senate consideration to follow. The Senate vote is scheduled for late November.

The outlook for the Italian economy to continue operating at all-time high levels is fundamentally good, according to the American Embassy in Rome, despite several uncertainties for the future. A major strength of the economy lies in domestic demand, which is being given added impetus by a growing industry and related changes towards higher consumption patterns and demands for services.

Future output

For the immediate future, the main question is whether industrial output will further level off or will resume its upward movement during the latter half of the year. After the exceptional gains in industrial output during the final quarter of 1961, perhaps some consolidation at that level was to be expected early this year.

Prospects for resumption of the upward trend are good. Stocks are reported as not large and construction activity has already begun to pick up.

Government spokesmen in recent weeks have been asserting that the upward movement will begin again this fall. Even with a general levelling off during the second semester, it is estimated that industrial output for the year could still be nearly 8% above 1961.

With favorable results foreseen in agriculture and tertiary activities, and despite price increases a growth of about 7% and possibly higher in GNP may be expected.

Portugal offers growing market to U.S. firms willing to enter field against West European competitors

Steady demand seen for capital goods for basic industry; power plants and agriculture stressed in economic development plan

By ARLEY T. CAUDILL
European Division, ORE

The outlook for U.S. exports to Portugal remains good even though there are reports of stricter import licensing in Portgual following the spurt occasioned by last year's uprising in Angola. The U.S. share increased in the first half of 1962, even though total imports were down about 13% from 1961.

ARLEY T. CAUDILL

For the first time, the United States maintained a Trade Information Center at the Third Lisbon International Fair in June, with a number of American firms participating. Portugal's emphasis on her economic development plan indicates continuing substantial imports of capital goods for basic industry, power plants and agriculture.

Competition

The expansion of the Portuguese market for U.S. products will require increased efforts on the part of American exporters and their distributors to offset the export drives and advantages of their competitors from Western Europe.

The Export-Import Bank has approved a $55 million loan to the Portuguese Government to finance dollar costs of the Lisbon suspension bridge. Preliminary work has begun and it will take about 4 years to complete the project.

West German and U.S. bank loans of about $57.5 million were obtained recently for economic development. In this connection, the National Development Bank's report in June stated that the Bank had extended about $68.7 million to companies in Portugal and in the overseas provinces. A domestic bond issue equivalent to $35 million is being floated for development work both at home and in the overseas provinces.

On the rise

Total U.S. exports to Portugal in the first half of 1962, according to Portuguese statistics, amounted to $27.5 million (mostly grains, tobacco, coal, cotton, chemicals and machinery), compared with $50 million for the entire year 1961. The United States appears to be gaining as a supplier of Portugal's imports, ranking fourth after the overseas provinces, Germany and the United Kingdom. The U.S. supplied 10.3% of imports in the first half of 1962, compared with 7.5% during the year 1961. Purchases from the European Economic Community (EEC) and the Free Trade

Area were 34.4 and 23.5%, respectively, in the first half of 1962.

Exports to the United States, according to Portuguese statistics, have been increasing in recent years and amounted to $24.6 million in the first half of 1962, compared with $38.8 million for the year 1961. Principal exports to the U.S. are cotton textiles, canned fish, wines, cork, and non-metallic minerals. After the overseas provinces, the U.S. was the second most important export market, followed by the United Kingdom and Germany.

Portugal's exports to the EEC were 22.1% of the total in the first half of 1962 and 21.7% in 1961. Exports to the Free Trade Area during the same periods were 19.1 and 21.5%, respectively.

Cotton restricted

Restrictions on exports of cotton textiles to the U.S. are expected to lead to decreased production and exports in coming months. If cotton textile sales to the U.S. are permanently reduced, U.S. sales of cotton to Portugal are also likely to decline, since demand for U.S. cotton is largely determined by the level of sales of these goods to the U.S. The textile industry customarily consumes all available Mozambique and Angolan cotton before being authorized to import cotton from abroad. Thus, if textile exports decline, less foreign cotton will be required.

The agricultural outlook is very good, and the wheat crop—poor for the last 2 years—may be almost 25% above the past 10-year average and 35% over 1961, which should make wheat imports unnecessary during the current season, with a resultant substantial saving of foreign exchange.

Portugal has become a member of the General Agreement on Tariffs and Trade (GATT). In June, the Government also officially requested the EEC to open talks aimed at some sort of association for Portugal.

General Motors and Ford announced that they would soon begin work on motor vehicle assembly plants to be located near Lisbon. The total investment is estimated at about $3.5 million for each plant.

RAISINS IN SPAIN

Spain's 1962 production of raisins is estimated at 11,000 short tons, 7,200 tons in Malaga and 3,800 in Denia. This season's pack is above the 9,900-ton 1961 crop but well below average 1955-59 production of 15,000 tons.

PROCESSING PULPWOOD IN FINLAND: Mountains of pulpwood are processed at the Kymmene Aktiebolag Project. Modernization of the pulp and paper machinery industry is nearing completion.

Construction equipment leads U.S. exports to Finland

Industrial output sustains continued economic growth; other EFTA nations now have 40% tariff advantage over U.S.

By HAROLD McNITT
European Division, ORE

Finland's economy, remaining at near capacity levels during the first half of 1962, offers attractive sales challenges to U.S. exporters.

HAROLD McNITT

Consumer goods demand, spurred by rising incomes and record employment, continues to be strong. The demand for investment goods has abated somewhat, chiefly because of tight credit conditions, but a continued favorable market for U.S.-made machinery is predicted.

The U.S. is fifth among world exporters to Finland, following the Federal Republic of Germany, the United Kingdom, Sweden and the U.S.S.R.

Official U.S. statistics indicate that total U.S. exports to Finland during the first half of 1962 reached $28 million (f.o.b. value), 2% below the corresponding period last year. This decline was smaller than might have been anticipated, however, in view of a steep drop in Finnish purchases of pulp and paper machinery during 1962.

Almost half ($14 million) of U.S. exports to Finland during the first 6 months of 1962 consisted of machinery and vehicles. Finnish demand for U.S. construction machinery continued to be exceptional. Sales of self-propelled loaders to Finland during the period jumped to $2 million, up 33% from the corresponding period last year.

U.S. exports of power excavators, dredging and loading machinery were

41% higher, and sales of U.S.-made electrical machinery and apparatus, tractors, and office equipment also rose substantially.

Finnish purchases of pulp and paper machinery, the biggest machinery item in recent years, fell sharply as Finland's modernization program for that industry neared completion. U.S. sales dropped from $3.9 million in the first half of 1961 to only $700,000 for the same months this year. Declines also occurred in U.S. exports of automobiles and textile machinery.

Sales of goods other than machinery and vehicles were generally up, with especially good trade opportunities available to U.S. exporters of food products, clothing, home appliances and recreation equipment. Exports of chemicals, tobacco, and vegetable products to Finland increased this year, while shipments of cotton and copper declined.

U.S. imports from Finland during the period under review reached $31 million (f.o.b value), up 41% from last year. Larger purchases of Finish paper and paper manufactures played a major role in this increase.

Industrial growth

Finnish industrial production moved ahead 5-6% during the first half of 1962. The metal industries paced the advance, with the chemical and paper industries also substantially increasing output. The rate of industrial production growth appeared to be slackening, however, and decreased output was noted in the important lumber and textile industries.

Other economic indicators for the period under review reflect the sustained high level of Finland's economy. Wholesale trade during January-May 1962 was up 10% in value, while retail sales rose 12% in both value and volume.

A threatened cash crisis, induced by a gap between Government receipts and expenditures, was averted by a series of Government measures during the second quarter of 1962. These measures included higher taxes on corporate income, automobiles, and cigarettes, and increased retail prices for alcoholic beverages. The Government also reduced its budget deficit through large bond issues and decreased Government expenditures.

Tight money

The domestic money market was tight throughout the period, with no immediate relief in sight. Demand for loanable funds was exceptionally strong while savings deposits lagged. The tight credit situation threatened to curtail investment expenditure, dampen new housing construction, and generally decrease the rate of industrial growth.

A new 10% tariff cut on industrial and certain other goods entering Finland from other EFTA countries became effective on August 1, 1962, bringing Finland's total preferential reduction on goods from EFTA countries to 40% on the established rates of duty.

Finland has made no move as yet to follow Denmark, Norway and Sweden in applying for membership in the European Common Market.

Finally, Finland's foreign exchange reserve held fairly steady throughout the period at between $213-$219 million.

GENOA AIRPORT DEDICATION

The Cristoforo Colombo airport in Genoa will be dedicated on Oct. 12. It will have a 7,500-foot runway. The present temporary passenger terminal will be replaced by a permanent building in the near future.

SPAIN'S APRICOTS RECOVERING

Spanish dried apricot production for 1962 is estimated at 1,800 short tons, about 150 tons above the packs of the previous 2 years. Average 1955-59 production was 2,500 tons.

Prosperity in Switzerland offers excellent prospects for sale of U.S. products

Boom shows no sign of slowdown but stronger sales effort is needed to counter European competition

By ALEXANDER DAUMAN
European Division, ORE

Switzerland's prosperity offers excellent prospects for the sale of U.S. goods, provided that U.S. traders make stronger sales efforts to counter European competition.

ALEXANDER DAUMAN

The phenomenal boom enjoyed by Switzerland since 1960 continued unabated in the first half of 1962 showing virtually no signs of a slowdown. Record consumption, spurred by rising wages and incomes, created an excellent business climate and profits were high. In spite of a persisting labor shortage, production continued to rise and exports increased. Imports, because of heavy demand, grew faster than exports, causing a large trade deficit; but Swiss gold and foreign exchange reserves replenished by inflow of capital remained high.

The main problem facing the Swiss authorities is the continued upward movement of prices; thus far, steps to curb credit and price increases have not been particularly effective.

There are excellent prospects for expanding sales of a variety of U.S. products in the Swiss market. Because of the labor shortage, demand continues strong for all types of automated equipment and labor saving devices such as automated machine tools, hoisting, lifting, and conveying equipment, and other machines used in the metal industries, in construction, in roadbuilding, and in distribution.

Building boom

The Swiss construction boom creates a ready market for building materials; heating, plumbing, sanitary, and ventilating equipment; and office furniture. Chemicals also are selling well as demand outstrips production. Other items with good sales prospects are medical equipment, protective work clothing and accessories, woodworking machinery, electric handtools, anticorrosion products, and self adhesive tapes.

While record retail sales indicate an excellent market for virtually all categories of consumer goods, U.S.-made gardening accessories, baby wear and foods, barbecues and grills, hobby articles, fountain pens, and men's sports and outdoor wear should be especially salable.

Participation in Swiss trade fairs is strongly recommended. Such fairs are visited by buyers from other European

countries and orders from other than the Swiss market may be obtained.

In general, technically advanced and quality products have the best chance of success in the Swiss market if properly represented and promoted. Sales literature, operating and service instructions, and markings should be in both German and French. Promotion and sales should be supported by an adequate system of service and replacement parts.

Soft goods such as men's and women's ready-to-wear and accessories must be styled to European taste. The Swiss male only recently has become aware of the superior quality of U.S.-produced ready-to-wear suits, for which a vigorous promotion effort should produce results.

Although the stable political and social conditions, high standards of living, financial stability, and thriving economy of Switzerland provide a healthy investment climate, the acute labor shortage is a factor to be considered by prospective U.S. investors. Also, in view of inflationary pressures and housing shortages, Swiss authorities may be reluctant to grant residence permits in certain cantons for foreign personnel.

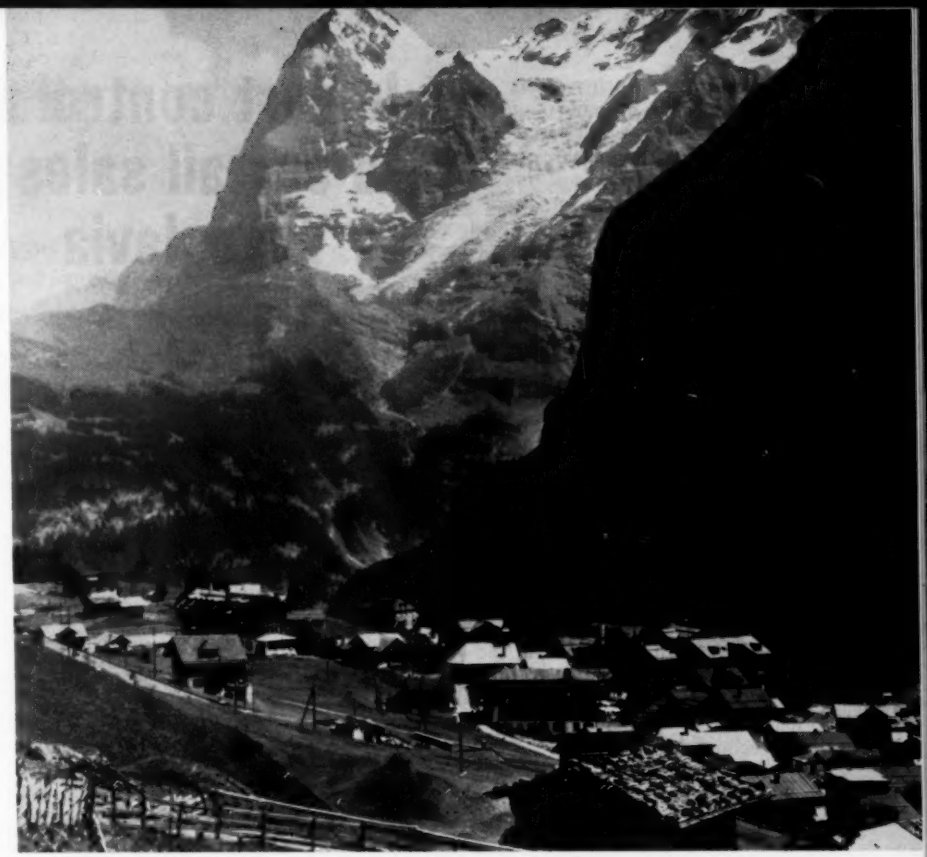
Trade up

Swiss foreign trade in the first half of this year compared with the same period of last year shows a continuing upward trend in imports and exports, but a growing unfavorable balance between the two. Imports increased by about 15% to 6.5 billion Swiss francs (1 Swiss franc=approximately $0.23); exports for the same period increased only 10% to 4.6 billion Swiss francs. The unfavorable trade balance increased by more than 400 million Swiss francs.

On the basis of the same Swiss statistics, the U.S. share of the Swiss market dropped to 10.4% from 11.4% at the end of January-June 1961. At the same time, the Common Market countries increased their share of the Swiss market by 1%, garnering 62.7% (Germany alone had 31.4%) of total Swiss imports in the first half of 1962.

Tariff cut

Although Common Market countries do not have a tariff advantage in Switzerland, Switzerland's partners in the European Free Trade Association who benefit from significant tariff reductions scored much smaller gains. However, in June Switzerland and the other member countries of EFTA—Great Britain, Austria, Sweden, Norway, Denmark, and Portugal, along with associate member Finland—agreed to a further reduction of 10% in their mutual tariffs. When Switzerland implements this reduction on October 31 of this year, Swiss tariffs to other EFTA members will be only half of what they were 2 years ago.



UNTAPPED MARKET: Muerren, Switzerland can only be reached by cable car, and has no automobile traffic, making it one of the few sections of Switzerland comparatively untouched by the current consumer boom. U.S. exporters are meeting increasingly stiff competition from European firms in the Swiss market, and stronger efforts are needed to retain present sales levels. (Swiss Tourist Office photo)

Although the U.S. share of the Swiss market has declined, exports to Switzerland for the first 6 months of the year, based on preliminary Bureau of Census statistics, rose from $125.9 million in 1961 to $153.6 million in 1962, an increase of 22%. U.S. imports from Switzerland for the same period totaled $83 million in 1961 and $106 million in 1962, an increase of 27.8%. Thus the trade balance in favor of the United States increased from $42.9 million to $47.6 million.

The principal increase in U.S. sales to Switzerland was reflected in the rise of aircraft exports from $1.5 million to $19.3 million. If this nonrecurring export item had been excluded from the 1961 and 1962 January-June totals U.S. exports to Switzerland would have shown an increase of only 7.9%.

There were, however, significant increases in exports of industrial machinery, up 40% to a total of $20.2 million; chemicals, 17% to $15.2 million; grain, 49% to $9.7 million; and electrical machinery, 24% to $8.9 million. Gains were also registered in exports of manmade fibers and manufactures, tractors, automobiles, and fruits and preparations.

Sales to Switzerland of U.S. cotton, poultry, and metals and manufactures showed substantial decreases.

U.S. imports from Switzerland increased in almost all major categories. Principal U.S. imports were watches, clocks, and parts, which rose by 21% over 1961 to reach a total of $24.9 million, and machinery which climbed 29% to $20.2 million.

Production rises

Swiss industrial production continued to rise in nearly all industries. As the majority of industries have order backlogs, a decline in new orders in certain branches has had little effect on current production.

The industrial situation in Switzerland during the first half of 1962 is best illustrated by the progress in construction and watch industries. Construction this spring and summer was at a seasonal level near or beyond the highest previous

level in history. Watch industry exports —comprising 98 percent of industry's production—continued to increase over the record breaking results of 1961 in each of the first 6 months of this year.

In the commercial sector, retail sales were higher than ever; up 15.8% from the previous year during the Easter season in April and 10.7% in May.

The cost of living continued to rise. At the half-year mark the consumer price index was 4.9% more than that at the end of June 1961. Wholesale prices increased 3.8% in the same period.

To combat inflation the National Bank and commercial banks have concluded a "gentlemen's agreement" to curb credit. Numerous voluntary industry-wide agreements to freeze prices and number of workers have been made. These voluntary restraints, however, have proved ineffective as there is no sign that a general rise in prices is coming to a halt. Since continuation of this trend would weaken the Swiss competitive position in the export market, the Swiss Federal and cantonal authorities are studying more formal methods of controlling the overheated economy.

The Swiss labor shortage which continues to persist has led to further imports of foreign labor. The number of foreign workers employed in Switzerland in August was estimated at over 600,000, an alltime high.

The money market tightened in March when the inflow of foreign funds diminished and the market demanded means to finance the economic expansion and the large trade deficit. A reversal of capital flow, however, which occurred in May and June when substantial funds once again began to flow from abroad, increased money market liquidity and restored gold and foreign exchange reserves to their previously high level. These reserves were equivalent to $2,662 million last August.

NEW ADDRESS

The Commercial Section of the Consulate General in Frankfurt, Germany, formerly located at 21 Siesmayerstrasse, has been relocated at 2 Bockenheimer Landstrasse, the site of the new Frankfurt Trade Center. Businessmen who call on the Consulate General will be referred to the new address.

BREAD GRAIN OUTPUT

World bread grain production in 1962 is expected to be the second largest recorded, according to preliminary estimates of the Foreign Agricultural Service.

Import controls to curtail sales to Yugoslavia

PL 480 grain shipments boost exports by 42% in 1st half

By RAYMOND R. RIESGO
European Division, ORE

With hard currency continuing to be in short supply, the outlook for the latter half of 1962 is for Yugoslavia to confine imports to only the most essential goods.

At mid-year there was a continued loss of forward momentum in the Yugoslav economy. Industrial output, which had increased an estimated 4% over the same 1961 period, fell short of expectations. Agricultural prospects are not bright, and Yugoslavia will doubtless this year again be compelled to import substantial amounts of bread grains.

Exports improved slightly but not enough to aid the country in servicing its heavy external debt burden. U.S. exports to Yugoslavia in the January-June period amounted to $98.7 million, up 42% over the corresponding period last year, mainly because of heavy PL 480 wheat shipments, according to U.S. figures.

The Government has undertaken measures to stimulate production and exports while trying to hold down wages, prices, and non-productive capital investments. The country's leaders have conceded that plan targets will have to be revised downward; budget cuts have been made; wage restraint has been urged; and controls designed to roll back prices to December 1961 levels have been instituted.

Inflation checked

Previous inflationary trends seem to have been checked by the end of the first semester. Some slight improvement in exports, particularly in the structural balance, has also become noticeable, but industrial production has not responded to the Government's measures.

The country's external debt bill was estimated at $1 billion.

Foreign trade continued to present difficulties, and steps were taken to curb imports and to favor export industries in investment planning. Concern continues over the future impact of the Common Market, although Yugoslav exports to that area are still holding up well.

U.S.-Yugoslav trade up

In the first 6 months of this year U.S. exports to Yugoslavia rose sharply compared to the similar 1961 period, principally because of a 90% increase in wheat shipments. However, other commodity groups also showed good gains: iron and steel mill products, $2.3 million (1961=$184,000); metal manufactures, $1.6 million (1961=$231,000); and industrial machinery $11.7 million (1961= $6.7 million).

On the other hand, our sales of electric machinery and apparatus dropped to $1.9 million in the first half of this year compared to the $2.6 million sold in the similar period of last year. U.S. exports of diesel-electric locomotives, which amounted to some $8.2 million in the first half of last year, were practically non-existent this year.

U.S. imports from Yugoslavia in the January-June 1962 period amounted to $22 million, up 10.5% over the same period last year. Wooden furniture and parts together with metals and metal manufactures led the rise. Shipments of tobacco were down somewhat from last year's levels.

Yugoslav exports up

Total exports, according to Yugoslav data, reached $283 million in the first half, a 3½% increase over the comparable 1961 period.

With imports rising to $446.3 million, the trade gap continued to widen and the Government has taken certain steps to curb imports. These include addition of 11 new categories of goods to the restricted import list, the banning of automobile imports by private Yugoslav citizens and a general tightening up of allocations of foreign exchange for importers.

A new law on foreign trade was also passed, fundamentally revising Yugoslavia's foreign trade apparatus. The law will thin out the number of specialized foreign trade enterprises by forcing some of the smaller and less efficient firms to merge with larger ones, and will considerably strengthen Government control over foreign trade operations.

WORLD MEAT SUPPLIES

World meat consumption outside Communist China increased only slightly in 1960-1961 and more slowly than population, so that there was a general decline in per capita supplies.

Greek market promising for U.S. capital goods

Growing rate of capital formation, association with EEC, and U.S. development loans tied to U.S. procurement create favorable prospects for traders, investors

By A. R. ROMER
European Division, ORE

The outlook is good for expanding U.S. trade with Greece because of continuing Greek economic growth.

The growing rate of capital formation has created special opportunities for U.S. exporters of producer goods to increase sales. U.S. export expansion possibilities are further enhanced by approval of U.S. development loans tied to U.S. procurement and the prospect of approval of additional loans. The Greek economic development program envisaging expenditures of $200 million in 1962 will also add impetus to such sales.

A. R. ROMER

Rising wage levels and bank deposits as well as a stable cost of living have increased consumer purchasing power.

A variety of consumer and producer goods is in demand in Greece. Among such goods are industrial, office, and construction equipment; vehicles; pharmaceuticals; lubricants; infant and canned foods; precision instruments; plastic raw materials; lumber; coal; household appliances; photographic equipment and film.

EEC tie is investment spur

For U.S. investors, Greek association with the European Economic Community (EEC) which will become an actuality on November 1, 1962, offers a special inducement. Manufactures in Greece by 1970 will gain duty-free access to a market of over 170 million people. On the date of association, Greek sales to the EEC will be accorded the trade advantage of the 50% duty reduction for manufactured goods in effect among EEC members.

On the other hand, Greek industry will be shielded from import competition over an extended period. Greek import duties vis-a-vis the EEC on November 1 will be reduced only from 5 to 10% and eliminated in stages over a period of 12 years for agricultural goods and 22 years for manufactured goods. During the same period, Greece will also gradually equalize its import duties to non-EEC countries with the EEC Common External Tariff (CXT). The initial movement toward the CXT is scheduled for the end of the third year of association.

In addition to the stimulus of EEC association to foreign investment, monetary and fiscal stability and Greek foreign investment legislation have created an attractive investor's climate.

Numerous opportunities exist for U.S. investors in Greece. The most promising appear to be in industries which presently are nonexistent, are capable of developing export markets, would employ a relatively large number of semiskilled and unskilled workers, and are joint ventures. Investment prospects are excellent in such industries as food processing, chemicals, petrochemicals, and ready-made clothing.

Greek trade increases

Greek trade has increased in both directions this year, according to Greek statistics. In the January-May 1962 period as compared with the same period of the previous year, total imports rose from $226 million to $240 million and exports from $93 million to $113 million.

Most of the increase in imports was attributable to a substantial rise in purchases of machinery and equipment and transportation items including ships and airplanes. Food imports declined appreciably while imports of consumer goods remained at about the same levels.

The gains in exports were chiefly the result of increased sales of tobacco, citrus fruits, grapes, and raw cotton.

The United States remained in second supplier position—Federal Republic of Germany was first—with a 14% share of the market in the January-May 1962 period as compared with 18% for that period in 1961. The United States with purchases amounting to 14% of total Greek exports was Greece's best customer.

Both U.S. exports to Greece and imports from Greece declined in the first half of 1962 as compared with the January-June 1961 period. U.S. exports dropped from $38 million to $36 million or 5.2% and imports from $20 million to $18 million or 5%.

A precipitous drop of 65% in exports of foodstuffs under PL 480 mainly accounted for the decline in U.S. sales. Commercial exports, however, rose about 13%. Among products exported to Greece, shell fish showed the most improvement rising 200% to a value of $217,000, followed by scientific and professional instruments, which rose 160% to $836,000.

Other products which registered gains are industrial machinery, chemicals, photographic and projection goods, tractors parts and accessories, motor vehicles, metal manufactures, hides and skins, and lubricants.

Lower imports from Geece of manganese ore which dropped from $2.5 million to only $25,000 was chiefly responsible for the decline in total value of U.S. purchases. A reduction in U.S. imports of Greek tobacco of more than $1 million was to a great extent offset by increased U.S. purchases of Greek furs and manufactures, sponges, olives, olive oil, and magnesite.

Trade liberalized

Various trade liberalization measures adopted during the first half of 1962 will benefit U.S. traders. Import licensing controls were removed on coke, coal, tires and tubes, lumber, newsprint, iron and steel sheets, and billets and bars. Credit regulations were eased on imports of industrial raw materials, machinery, parts, and accessories. The embargo on undressed oak lumber was lifted.

Duty-free entry until December 31 was accorded fishmeal, meatmeal, soybean flour, special feed preparations suitable for livestock and poultry, specified ingredients for reinforcing animal and poultry foodstuffs, and various livestock and poultry medicines mixed with soybean flour, corn flour, bran, or similar meal. Duty-free entry was also accorded machinery and equipment for approved investment projects of over $3 million.

Greece's balance-of-payments position for the January-May 1962 period was unusually favorable. Supplier credits, grants, loans, as well as record receipts from shipping, emigrant remittances and tourism more than offset a $148 million unfavorable balance of trade. As a consequence, gold and hard currency assets rose $29 million to total holdings of $275 million.

Bangkok Center plans to stage 2 exhibitions

Refrigeration show scheduled; auto-truck display to follow

The U.S. Trade Center in Bangkok, Thailand, will stage a Refrigeration and Air Conditioning Show Nov. 27-Dec. 28, and an Auto-Truck Show Jan. 15-Feb. 8, 1963.

These shows will differ from usual Trade Center promotions. The participants will be local representatives of U.S. manufacturers rather than the manufacturers themselves. Only products of American firms now represented in Thailand will be shown and these will be supplied out of local stock. All arrangements for these 2 shows will be undertaken by the Commercial Attaché.

Some 20 U.S. manufacturers of air conditioners, refrigerators and freezers, for use in the home as well as in commercial and industrial establishments, are represented in Thailand.

In the automotive field, a dozen local distributors in Bangkok market the products of U.S. automakers.

The technique of selling by display and demonstration has not been widely practiced in Southeast Asia. Experience thus far with Trade Center exhibits has shown that one of the valuable services the Trade Center performs is to assist local agents of American manufacturers to present their merchandise in an attractive way and through demonstrations. The U.S. Southeast Asia Trade Center in Bangkok provides a superb setting for sales efforts of this kind.

U.S. firms interested in having their products exhibited in the above-mentioned shows should instruct their Thai representatives to contact the Commercial Attaché, U.S. Embassy, or the Manager, U.S. Southeast Asia Trade Center, Bangkok.

Philippines schedules annual Aviation Week

The Philippine Government will celebrate its 15th annual Philippine Aviation Week Nov. 19-25.

An international air show and a space and aviation symposium are scheduled to be featured. The Philippines Director of Civil Aviation has invited U.S. aircraft and engine manufacturers, as well as radio, electronic and other ancillary equipment makers, to display their products.

Space for display will be provided at a nominal cost at the Manila International Airport Terminal Building. For new aircraft static displays and demonstrations free suitable ground space will be provided on the apron.

Schedule

LONDON

U.S. Dept. of Agriculture Exhibit: Oct. 9-26.

Medical and Surgical Supplies and Equipment: Nov. 8-30.

Children's Christmas Book Show: Dec. 12-21. ★★

Toys and Games: Jan. 22-Feb. 8, 1963.

FRANKFURT

Electrical Appliances: Nov. 14-Dec. 7. ★

Automotive Service Equipment: Jan. 8-25, 1963.

Toys and Games: Feb. 5-22, 1963.

BANGKOK

Automotive Service and Maintenance Equipment: Oct. 1-Nov. 2.

Air Conditioning and Refrigeration Equipment: Nov. 27-Dec. 28.★★

Automobiles-Trucks: Jan. 15-Feb. 8, 1963.★★

Small Farm Machinery and Equipment: Mar. 5-Apr. 12, 1963.

TOKYO

Industrial Instruments & Laboratory Apparatus: Mar. 18-Apr. 12, 1963. ★

* Denotes opening show.
** Denotes shows prepared by Embassy commercial staff using stocks of American-made goods held abroad by agents of U.S. firms.

Companies interested in participating in any of the regularly scheduled shows listed above are urged to write to the Department of Commerce, Trade Centers Division, Washington 25, D.C., for full information and market data.

Pakistan fair opens this week in Karachi

U.S. exhibition to feature small business operations

Several shops typical of U.S. small industries will be shown in actual operation in the official U.S. exhibition at the Pakistan International Fair, Karachi, Oct.12-Nov. 20.

Supporting the U.S. exhibition's theme, "Machines in the Service of Man," 91 American firms from 24 states and the District of Columbia will cooperate in displays and demonstrations of U.S. products and technology at the Pakistan event. This will be the first U.S. appearance at the Karachi Fair since 1955.

Featured in the U.S. exhibition will be shops for repairing and overhauling machinery, automobile engine rebuilding, tire retreading, laundry and dry cleaning, printing, woodworking, metal working, and plastic molding.

Added attractions include a model bakery and a demonstration kitchen where doughnuts and packaged foods will be prepared. Pakistanis will have a chance to sample an old American delicacy as they watch on-the-spot demonstrations of a new automatic doughnut machine with a capacity of 900 doughnuts per hour.

Also being demonstrated will be small and medium size tractors and other American farm machinery, as well as a portable sprinkler irrigation system adaptable to Pakistan's agriculture.

American products to be shown at Karachi were selected on the basis of their suitability to the industrial and agricultural development phases of Pakistan's second 5-year plan.

For science-minded visitors to the U.S. exhibition, there will be a full scale model of astronaut John Glenn's space capsule; a comprehensive display of the uses of silicones; and a science show which demonstrates such phenomena as induction heating, microwaves, gyroscopes, jet propulsion, gas turbines, and controlled chemical reactions.

Closed-circuit TV will televise crowds at the Karachi fair and transmit the images to screens in the American pavilion for the amusement of visitors.

Australian economy buoyant; opportunities for increased U.S. trade, investment good

Expanding market for many commodity sales seen; long-term stable investment climate seems assured

By DEANE M. BLACK
British Commonwealth Division, ORE

The period immediately ahead looks promising for U.S. exports to Australia. With the higher level of activity in the domestic economy, business confidence returning, and the various spending programs planned by both the public and private sectors, the outlook is highly favorable.

DEANE M. BLACK

Sales of U.S. goods will probably continue to follow established patterns but prospects appear particularly good for industrial raw materials, electrical machinery and equipment, construction machinery and oil-drilling equipment.

The highest level of building approvals since late 1960 and predictions of a housing boom in 1963 also suggest opportunities for a slow but steady increase in sales of appliances and other home fixtures.

In addition, there would appear to be a continuously expanding market for roadbuilding machinery and other related heavy equipment, in view of the Government's plans for roadbuilding and improvements throughout the country.

Specialized semi-trailer and full trailer cargo carriers, particularly refrigerated units, could well see increasing markets as could ancillary products to the communications industry, particularly laboratory testing and other specialized units.

The domestic chemical industry and related fields hold considerable promise for expansion. However, imports of chemicals and products may continue to be limited to specialized products while the market for bulk materials will be increasingly reserved to local manufacturers under the recently imposed quantitative restrictions.

Farm machinery deliveries to distributors and direct sales by importers to users have risen sharply over 1961 and the longer term market outlook for U.S. sales of agricultural machinery remains good.

U.S. investment in Australia is now valued at more than $1 billion and is continuing to grow rapidly. In fiscal 1960-61, U.S. investment increased 42% over the year before, declined in the latter half of 1961, and resumed its pace in the first 6 months of 1962. Predictions are that capital inflow overall in 1962-63 will be significantly higher than fiscal 1961-62.

The climate for further American investment in Australia remains good. The high standard of living, common language and customs, annual population increases of some 2.3% and GNP increases of from 5% to 10% almost assure a favorable and stable climate for the long term.

For the short term, the internal economy is very strong and is supporting and sustaining a high level of activity.

The deficit budget announced in August provided for an additional expenditure of some $225 million over last year's budget. It also continued the Government's 20% investment allowance for new plant and equipment for industries producing for export introduced in February.

Other February measures which were

SYDNEY'S NEW PORT FACILITIES: The Canberra, P. & O.-Orient Lines' new luxury flagship, ties up at remodeled passenger terminal (right). Modern office buildings circle the harbor.

continued included cuts in sales taxes and income taxes, special assistance for State housing schemes and other projects, and increases in pensions and unemployment benefits.

The Budget serves to improve the prospects for long-term expansion. The Government's intentions are evident by the assistance given to numerous projects—harbor, road, rail, airport improvement; mineral exploration; hydroelectric power production and the like—designed to open up Australia's natural resources, to expand export potential and to facilitate domestic trade.

The Government is also committed to reduce unemployment and excess plant capacity. The unemployment rate now is 1.7% of the work force which is considered high by Australian standards.

Manufacturing industries generally take over half of the U.S. capital inflow. A continued high level of activity in Australia and the consequent demand by business and industry for re-equipment and replacement supplies, plus the various public-works projects in the mill, should assure a continuous and high level of demand domestically for electrical equipment for industry, all kinds of machinery and plant, construction and road-building machinery, oil exploration and refining plant, bulk chemicals and chemical fertilizers, and materials for the building industry.

Economy recovers

Recovery in Australia is gathering momentum, following last year's slowdown, and there are clear indications of a more buoyant economy ahead.

The internal economy continues to strengthen in all sectors but the rate of recovery varies considerably. Production and sales are improving; prices and costs are stable, and unemployment is down to the lowest level in 15 months. The GNP for the April-June quarter was estimated to be 8% above that of the same period last year.

Australia's external position at the end of the fiscal year was also strong. Gold and dollar reserves totaled nearly $1.3 billion and there was a $417-million surplus in the trade balance.

The Commonwealth deficit budget announced in August bore out the Government's dedication to continued economic expansion within a stable framework. The Government believes it imperative to prevent inflationary pressures leading to a boom such as that which necessitated the credit squeeze and other counter measures in 1961.

The current budget has been carefully shaped to meet and allay any apprehensions as to business prospects. In essence, it continues the long-term recovery measures instituted in February to stimulate the economy. It also provides for an increase of 5% in Government spending over last year's authorization to keep the economy moving.

One reported source of business uncertainty about the future arises from Britain's decision to apply for entry into the Common Market. Much public attention has been focused on the possible economic consequences of this move for Australia, if comparable outlets are not maintained for her traditional exports to the U.K.

In general, the upward trend evident at the end of 1961 continued into the first half of 1962. Retail trade expanded steadily even if gradually. Consumer durables reflected sharp increases in sales over 1961, particularly in automobiles, a key factor in the economic picture.

Banks generally were in a highly liquid condition; bank deposits and the level of unused bank advances reflected large reserves of consumer purchasing power. The resumed growth of foreign investment also reflected long-range optimism.

Trading position good

Australia's export earnings for the fiscal year beginning July 1, 1961, were the highest on record. Exports consistently exceeded imports.

Higher exports of beef to the U.S. and increased sales of wheat and wool in world markets at good prices were among the factors responsible for export earnings of some $2.5 billion in the 12-month period.

Total imports fell sharply in the last quarter of the year but were valued overall at a little over $2 billion for the entire period. The trade balance moved from a $351-million deficit at the beginning of the year to a $417-million surplus at the end of the period.

Although the first 2 months of the current fiscal year show a shift from trade surplus to trade deficit, this is attributable to the seasonal decline in exports of such products as wool and is not considered unusual. At least the early figures do not portend a worsened position for the long term for such principal export products as wool, wheat, flour, meat and sugar which are in strong positions as to demand and prices in consuming countries.

Australia is in the midst of an intensified export expansion program. The search for alternative markets spurred on by U.K.-Common Market developments is reflected in the changes in direction of Australian exports and in its import sources. Japan, for instance, is strengthening its position as Australia's number 2 market and may surpass the U.K. this year as the principal destination for Australian exports.

While the U.K. continues to be the major source for Australia's imports, with the U.S. in second place, the U.K.'s proportion of Australia's total import trade is decreasing. Japan and Germany are offering increased competition.

Trade with U.S. high

U.S. exports to Australia for the first 6 months of 1962 were running ahead of 1961 on an annual basis by nearly 20%. Imports from Australia were also up some 35%, a continuation of the trend which began in 1960.

The U.S. share of the Australian import market increased slightly to 19.7% in fiscal 1961-62 from 18% the year before. Although the U.S. continued to be far and away the major supplier after the U.K., the Japanese share of the market is increasing. The U.S. continued to be Australia's third best export market after the U.K. and Japan.

U.S. exports to Australia the first 6 months of 1962 were running higher on an annual basis at $374 million than for 1961 when the trade was valued at $316 million.

While rises occurred throughout most groups, higher U.S. exports of tobacco, cotton, synthetic fibers and manufactures, paper and paper products, machinery, automobiles and tractors largely accounted for the increase. Slight decreases occurred in exports of rubber, sulfur, aircraft, and chemicals.

U.S. imports from Australia in the first 6 months were continuing their upward trend, running on an annual basis at $268 million compared to $181 million for 1961. More than a third of the increase occurred in imports of meat, mostly beef, but there were also large increases in imports of lobsters, wool, steel mill products, and nonferrous metals. Sugar and ferrometal imports showed decreases.

TECHNICAL COOPERATION

Taiwan's Legislative Yuan passed a statute on July 31 for technical cooperation between Chinese and foreign companies. It provides that foreign patents or technical knowledge for making new products needed in the domestic market and having export potential be exchanged for royalties which may be remitted out of the country or invested in Taiwan enterprises.

Japan's economic boom slackens but U.S. sales outlook good

Expanding opportunities seen for many U.S. products; demand for industrial machinery, equipment spurred

By TATSUO A. MIYAKAWA
For Eastern Division, ORE

Prospects remain favorable for increased U.S. exports to Japan despite the general slackening tempo of Japanese economic activity.

TATSUO A. MIYAKAWA

Moving with the momentum of more than 3 years of unabated rapid growth, the Japanese economy, has found it difficult to adjust to Government measures designed to slow down investments, tighten credit, lessen the trade imbalance, and improve the balance-of-payments position. The effects are now being felt, particularly by capital-goods producers.

The 1962 Gross National Product (GNP) growth rate is expected to be about 6% in nominal terms over 1961 with total GNP totaling about $50 billion.

For the first half of 1962, Japanese exports (f.o.b.) increased 14% over the first 6 months of 1961 to total $2,230 million while imports (c.i.f.) rose by only 7% to $2,955 million. The U.S. took 29% of exports and supplied 34% of Japan's total imports, compared with 23% and 37% respectively in the comparable 1961 period. Foreign exchange holdings rose during the first half of this year.

The value of U.S. exports to Japan in the first half of 1962 totaled $750 million while imports increased from $476 million to $626 million, according to official U.S. trade data. Japan's trade deficit with the U.S. was thus down to $124 million.

All major Japanese export items to the U.S. showed gains with marked increases in iron and steel products, frozen tuna, and cotton, silk, and woolen fabrics.

U.S. sales to Japan in this period were mixed. Imports of industrial machinery continued to increase, reflecting the continuing rapid modernization of Japan's industry. Japanese purchases of raw U.S. cotton, scrap iron and copper, however, fell sharply in consonance with a decline in the production of textiles, iron and steel, and nonferrous metals. There was also a leveling off of finished goods inventories.

Agricultural products such as corn and wheat showed substantial increases in line with the long-term trend of these commodities.

U.S. opportunities

Exports of American machinery—particularly machine tools, accounting and bookkeeping machines, and electronic computers should expand considerably because of their superior quality, durability, and performance. Neither present domestic production nor the level of imports by Japan can meet the demand for the newer types of machinery sought.

The investment boom has also spurred demand for such industrial machinery as food and beverage processing equipment, wrapping and packaging devices, metal and woodworking machinery, and industrial controlling and testing instruments.

The Japanese Government has stated that on October 1, import controls will be relaxed on additional commodities. Despite the announcement that this will mean that 88% of imports, based on 1959 value of imports, will be placed under automatic licensing, many potential U.S. export products, especially manufactured goods, will continue to be restricted.

Lower import budget

The foreign-exchange import budget for the first half of fiscal 1962 (April-September) totaled $3,959 million, nearly 5% less than the budget for the corresponding period of 1961. Of this budget, the commodity portion amounted to $3,114 million of which $1,870 million or 60% was for imports of items on the liberalized list.

Forty U.S. exhibitors at the Fifth Osaka International Trade Fair supported the theme "Modern Food Processing For Better Living" and drew an estimated 750,000 visitors with sales of U.S. products valued at $2.7 million.

The U.S. Metal Working and Machine Tool Mission, the first single industry mission to Japan, will depart in October to concentrate its efforts in the highly industrialized areas of Tokyo and Kobe-Osaka. It will also visit other cities such as Nagoya, Hiroshima, and Takamatsu.

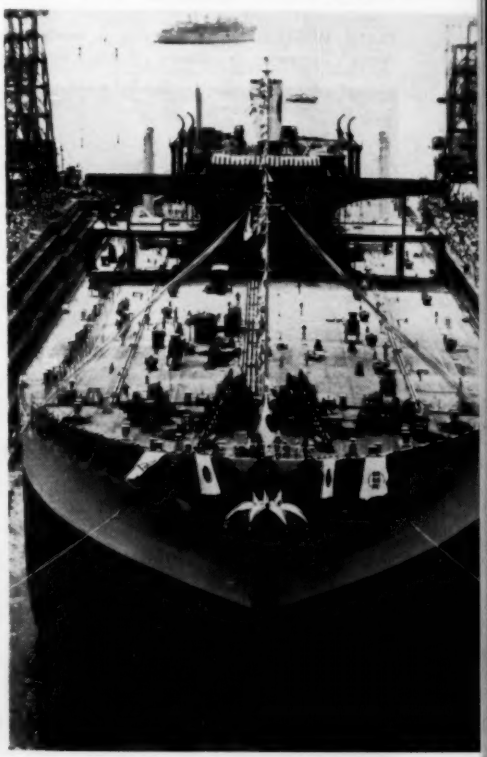
The mission will be in Japan during the Osaka International Machine Tool Fair, October 10-21. At about the same time the third Japanese economic mission will be visiting the United States.

In December the second meeting (the first in the U.S.) of the Joint U.S.-Japan Committee on Trade and Economic Affairs, will be held in Washington. The committee, composed of 6 cabinet members from both countries, will discuss trade and other economic matters.

Tight money policy

The Japanese Government continues to pursue its tight money policy. Having exceeded the limits imposed on their borrowings at the basic interest rate of 7.3% a year, commercial banks are now

NISSHO MARU: Tanker, displacement tonnage 131,000 d.w.t., launched at Japanese shipyard; run is between Japan and the Persian Gulf in sixteen days, ten hours. (Japanese Embassy photo)



borrowing from the Bank of Japan at the penalty rate of 8.76% and 9.49% yearly.

The continued strong demand for domestic credit by the business community has caused Japanese foreign-exchange banks to enter the European short-term money market. Also, an electronics firm floated securities on the New York market under the American Depository Receipts system. As of June the Export-Import Bank of Washington extended lines of credit totaling $44.3 million.

To make investments more attractive, the Ministry of Finance cut the waiting period on withdrawal of nonresident funds invested in private Japanese companies to 6 months, effective August 1. This regulation includes past investments and applies to proceeds from the sale of stocks, bonds and investment trusts originally purchased with foreign exchange. Dividends and interest payments have been completely convertible into foreign exchange for some time.

The deficit of $261 million on current account recorded in the first half of 1962 was more than offset by a net capital inflow of $468 million. The overall balance of payments, consequently, showed a net surplus of $207 million.

Short-term balance-of-payments prospects seem favorable. Receipts from exports for the first half-year were almost 18% above last year's corresponding period while imports (c.i.f.) for the 2 similar periods differed only slightly. Seasonal factors should also promote a favorable trade balance. Exports in the second half of the year increased about 12% while imports fell nearly 8%.

Industrial production increased during the first half of 1962 though at a slower rate. They were definite signs of downturn in several industries.

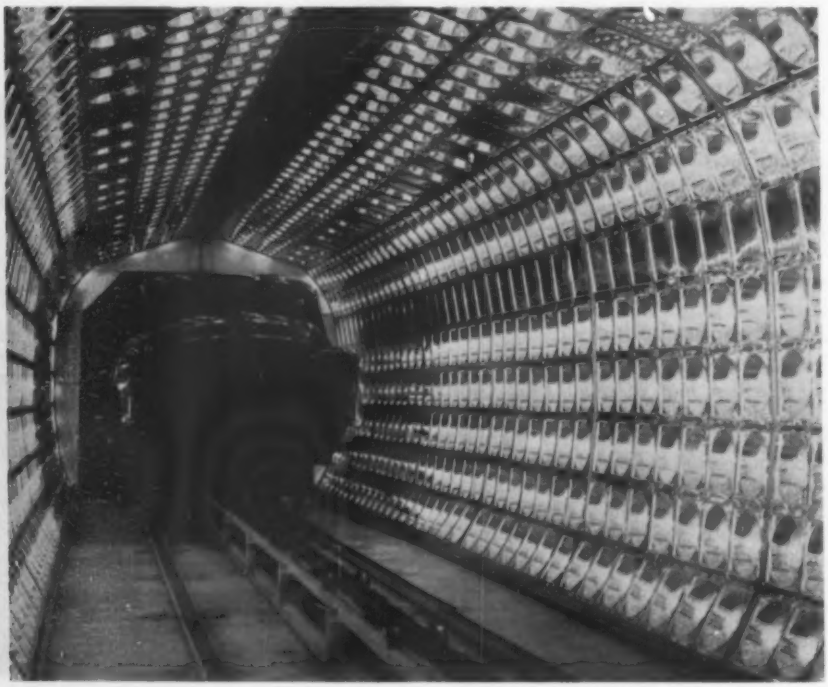
Particularly hard hit have been the iron and steel industry which has cut back production to 80% of the 1961 fourth quarter output level, and the nonferrous metal industry which is closing down marginal mines.

The long-standing difficulties of the coal and textile industries increased. Coal faces increasing competition from petroleum, while cotton textile exports, with the exception of those to the U.S., are falling with no appreciable improvement in domestic sales.

AUSTRALIA'S WHEAT

The outlook for Australia's wheat crop is promising after a slow start because of dryness. A record crop is expected if adequate rains are received during the remainder of the growing season.

PLANT MODERNIZATION: Drying a newly painted automobile body by infrared rays at Toyota Motor Company in Japan. (Photo, International Bank for Reconstruction and Development)



U.S. is second as Hong Kong supplier

Trading city serves as re-export center to S. E. Asia

By EMILY LLOYD
Far Eastern Division, ORE

American business in Hong Kong continues to fare very well and the U.S. has risen to second place as a supplier of commodities to the British Crown Colony.

EMILY LLOYD

Hong Kong has been one of the largest Far Eastern markets for U.S. products and future prospects appear to be good, assuming increased aggressiveness in marketing efforts.

With the exception of the textile industry, an optimistic atmosphere dominates the business scene; this factor, combined with the Colony's ready acceptance of foreign participation in its diversification efforts, should stimulate American investors' interest.

While the restraints on cotton textile and garment exports to the U.S. and the vastly increased influx of refugees from Mainland China created some difficulties for the Colony's healthy economy, Hong Kong continues to maintain its vigorous economic resiliency and flexibility.

The Hong Kong Government interferes as little as possible with trade and industry. In view of limited import restrictions, virtual freedom from duties and other levies on imports, and availability of commercial, shipping, financial and warehousing facilities, Hong Kong's market for producer and consumer goods is capable of further expansion, and U.S. exports to the Colony are constantly increasing.

The first half of 1962 witnessed a $106.6 million increase in trade over 1961 to $954 million. Imports, exports and reexports all increased. The U.S. retained top place in total 2-way trade with Hong Kong in the first half, supplying $77.3 million worth (13%) of total imports, an increase of $3.2 million over the first half of 1961. This country absorbed $78.4 million worth (24.5%) of Hong Kong's total exports, an increase of $30 million over the same period last year.

Japan remained the leading supplier, followed by Mainland China, the U.S. and the United Kingdom. The U.S. absorbed the highest percentage of Hong Kong's exports, followed by the United Kingdom and Japan.

Specific export opportunities for American manufacturers include: antibiotics; oranges and tangerines; polyethylene moulding compounds; fresh, frozen or chilled poultry; paper board; food wastes and prepared animal feed; pharmaceutical products; iron and steel blackplate, light gauge; air conditioning and refrigerating equipment; and aircraft parts.

Reexport opportunities for American products to Hong Kong and Southeast Asia include: industrial chemicals; air conditioners; auto parts; surplus equipment, including ferrous and nonferrous scrap; refrigerators; compressors; cement-laying machines; photographic supplies; pharmaceuticals; petroleum products; onion skin paper; and tape recorders.

The accentuated refugee problem and the possible accession of the United Kingdom to the European Economic Community have caused some concern in business circles, and initiated calls for governmental participation in economic affairs.

The Colonial Secretary in a major policy statement indicated that the Government is prepared to accept external financial assistance for social and infrastructure projects.

The normal demand of the large population for consumer necessities is an economic safety valve, as is the continued demand for housing. The frenzy of building activity continues, but facilities remain grossly inadequate. The boom is of sufficiently great proportions to warrant serious consideration by American investors.

Among other industrial developments, the manufacture of transistor radios continued to expand at a rapid rate and offers a potential investment opportunity for American business.

Hong Kong business morale received an important boost from the recent U.S. decision to make the Colony eligible as a source of offshore commodity procurement. Hong Kong was removed from the list of 19 "developed", and therefore ineligible nations, and countries can now make AID-financed purchases of any commodity from Hong Kong except cotton textiles and purchases under military procurement.

With increasingly keen competition from other leading suppliers, such as Japan and Western Europe, Hong Kong provides a worthwhile challenge to alert American businessmen.

U.S. sales to Philippines fall sharply despite high level of economic activity

Preferential duties for U.S. goods are being eliminated as Philippines strive to broaden trade relationships; Government actively courts private foreign investment

By KENNETH A. GUENTHER

Far Eastern Division, ORE

U.S. exporters to the Philippines face the paradox of sharply declining sales in a climate of increased economic activity. The vigorous economic reform measures undertaken by the Macapagal Administration have stimulated Philippine exports, restrained imports, stabilized the value of the peso, increased mining and crop production, and vitalized the investment climate.

KENNETH A. GUENTHER

On January 22, 1962, licensing and exchange controls in effect since 1949 were lifted by executive order. The value of the peso immediately declined, and then found a relatively stable level in the middle of June at a rate of approximately 3.85 pesos to $1 with a minimum of Central Bank intervention.

Prices rose and the President, through Government purchasing and sale of scarce commodities, held the price line to moderate increases which were less than the decline in the international value of the peso.

The Government's tariff policy, supplemented by a staggered advance deposit system for imports, restrained imports, while production for export was stimulated by the more favorable dollar-peso exchange rate. A tight credit policy prevented speculative purchases of foreign exchange.

The weak Philippine foreign exchange position, no longer burdened by a highly unfavorable balance of trade and bolstered by U.S. lines of credit, noticeably gained in strength.

According to U.S. Census Bureau statistics, U.S. sales to the Philippines declined from the high of $166 million in the first 6 months of 1961 to $132 million in the comparable 1962 period. U.S. imports from the Philippines held steady at slightly more than $150 million. U.S. export products which have declined most sharply in the first 6 months of 1962 compared with the same period of 1961 include: machinery, down $8 million; cotton manufactures, down $7 million with denims and remnants being particularly hard hit; dairy products, down $4 million; grains and preparations, down $4 million; iron and steel mill products, down $3 million; paper and related products, down $2 million; rubber manufactures, down $1 million; and books and other printed matter, down $1 million.

U.S. exports of petroleum products, metal manufactures, medicinal and pharmaceutical products, chemical specialties and industrial chemicals also declined.

Among the few categories of U.S. exports that increased over these comparable 6 month periods were raw cotton exports, up $4 million; man-made synthetic fibers and manufactures, up $1 million; construction machinery, up $500,000; and both tractor parts and accessories and automobile parts and accessories, up $200,000.

This steep decrease in imports from the U.S. is partially attributable to 4 factors:

❶ the declining preferential duty treatment accorded U.S. imports;

❷ additional tariff increases on specific items such as textiles, fertilizers, wheat flour, hoop iron and steel, and paper products,

❸ concerted Philippine attempts to broaden trading relationships, and

❹ the higher import costs resulting from the peso devaluation.

Foreign investment

The lifting of exchange controls which freed the transferability of capital and

profits, and the official repudiation of the "Filipino first" policy stimulated foreign investment interest in the Philippines.

The creation of a Project Implementation Agency, directly under the President, which seeks to create a consistent policy climate for private investment in the Philippines, to assign priorities and inducements to areas in which private investment is desired, and to co-ordinate all development planning under the 5-Year Socio-Economic Plan, should further enhance the investment climate.

Investment priorities and inducements to private foreign investment are contained in the Foreign Investment Legislation and the revisions to the Basic Industries Law which President Macapagal has submitted to Congress for approval. Congress, during its last session, failed to enact these and other measures important to the 5-Year Socio-Economic Plan.

Since decontrol, investments have taken place in the electrical appliances, pharmaceutical and automobile assemblying fields. Additional foreign investments are pending in the chemical field, in mining and minerals, and the Reynold's Aluminum Company is considering the construction of a smelter. The Orval Chemical Company's construction of the first dynamite plant in the Philippines commenced in March.

Projects delayed

Difficulties in settling financial arrangements have delayed construction on the 2 major steel mills planned by the Philippine Government. The steel mill at Iligan, Mindanao is to be constructed with the assistance of a $62.3 million loan from the Eximbank, and the St. Inez steel mill on Laguna de Bay is to be partially financed with $28 million in West German Government loans.

President Macapagal's third major project is a copper-zinc fertilizer plant also on Iligan. Financing for this project is still sought.

Production increases

Mining production has increased since decontrol as marginal operators, benefiting from devaluation of the peso, again are finding exporting profitable.

Compared with the first quarter of 1961, substantial production increases were noted in refractory chromite ore, iron ore, and manganese. Volume increase during the first quarter of 1962 includes a 26% increase in iron ore production, 11% in refractory chromite production, and a tripling of manganese production. *Copper* production *declined* 6% and metallurgical chromite ore 60%. Substantial new investments in the mining field are anticipated.

For the most part agricultural production also gained in the first quarter of 1962, both in volume produced and value of produce. Output of coconut products, abaca, tobacco, corn and rice increased while sugar and lumber production declined over first quarter 1961. The 1961-62 sugar crop totaled 1.6 million short tons and an increase of 8% is anticipated in the 1962-63 crop year.

Official production estimates indicate that the Philippines will be self-sufficient in rice and corn during 1961-62 (July-June), reflecting more favorable weather conditions and the adequate water supply.

In one of the few pieces of legislation passed by the Philippine Congress during its 1962, hundred-day session, was a rice and corn bill appropriating 100 million pesos to subsidize the production and price of these cereals. Coconut production is still plagued by the cadang-cadang disease.

Since decontrol, monetary stability has been maintained in the Philippines. Currency in circulation has maintained its January level of 1,082 billion pesos and consumer prices increased only 2.2% while wholesale prices rose 3.5% over their January level. Consumer price increases mainly reflected the increased price of certain imported commodities due to devaluation of the peso.

Immediately following devaluation, the Central Bank of the Philippines maintained a tight credit policy to prevent purchases of foreign exchange while the peso was devaluing. Only recently, with the increased stability of the peso, has credit been loosened.

The rediscount rate for certain types of loans in agriculture, industry, and construction has been lowered from 6% to 3%, forward exchange guarantees have been provided to commercial banks by the Central Bank, and certain quota limitations on rediscountable loans have been eliminated.

TAIWAN FACTORY STARTED

Construction has begun on Pfizer Taiwan Limited's $750,000 high-standard antibiotic factory at Tamusi, the first entirely U.S.-owned factory in Taiwan. The firm is a subsidiary of Charles Pfizer of New York.

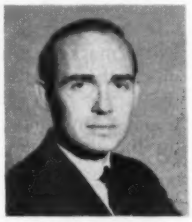
SEOUL: Worker turning out sewing machine casings. (Photo, Korean Research & Information Office)

Korea's 5-year plan opens way for varied U.S. sales; currency reform weathered

U.S. already providing over 50% of Korean imports; aid program chiefly responsible for rising sales; new laws stimulate foreign investors' interest

By JACK MISKELL
Far Eastern Division, ORE

With the Korean 5-year plan approaching its second year of operation, opportunities for the expansion of American exports which would contribute to Korea's economic development will improve, and the U.S. should increase its already considerable share of Korean imports.



JACK MISKELL

Korea is recovering from a slump created by June's surprise currency reform which caused a general economic slowdown. All currency and bank deposits were frozen and there was considerable doubt regarding when and how much of the funds would be released. Manufacturing was hard hit as the money freeze failed to allow sufficient working capital, and the business community was uncertain about the final outcome of the reform measures, which forestalled any production advances.

Improvement began after funds were gradually unfrozen and finally completely unblocked on July 13, and the economy appears to be readjusting itself without any lasting ill-effects.

Throughout the first half of 1962 the money supply has remained fairly stable except for some fluctuation immediately after the currency conversion. Foreign exchange holdings were around $184 million at the end of June, a draw-down of about $20 million since the first of the year. During the reform, the hwan was changed to the won at a 10-to-1 ratio, with 130 won equal to $1.

In a mid-August effort to stall inflationary pressures, the Korean Government established price ceilings at the pre-currency reform level for 9 commodities and provided for price ceilings for 4 additional items. Together with the price controls already existing on 5 items, a total of 18 major commodities will be subject to a price ceiling.

The Korean Government is trying a wide range of economic measures during the rest of the year to counterbalance the effects of the currency reform.

U.S. import share

According to Korean statistics of foreign exchange transactions, imports for the first 6 months of 1962 totaled $183.5 million, with the U.S. providing over $97 million or nearly 53% of the total.

Imports are financed through the AID program and Korea's own foreign exchange. (KFX). The U.S. provided $74.6 million of the AID financed import total of $95.4 million.

This is close to 78% which is a considerable increase over last year's 66%.

This increase is due primarily to the limited world-wide procurement policy of the U.S. economic assistance program. The U.S. share of KFX imports is also larger. In previous years the U.S. has provided 15% to 20% of KFX-funded imports. In the first 6 months of 1962, the U.S. sold to Korea $22 million or 25% of the $88 million total KFX imports.

Korea's export program is slightly behind the projected target of $61.9 million for 1962. The 7-month export total of $29.4 million is 47.4% of the target. The target will probably not be reached, but last year's $42.9 million total should be surpassed. The government continues to push the export program through the Export Encouragement Law, subsidies, and other incentives.

The trade program for the second half of 1962 is essentially a continuation of the first half's, with a few modifications. Restrictions have been placed on a few more import items and a few previously restricted are now freely importable.

The trade program is still oriented to the needs of the 5-year plan with curtailment of non-essential consumer goods and competitive finished products, and emphasis on development needs such as raw materials, industrial goods and machinery, and other necessary items.

Investment climate

The Korean investment climate is becoming more attractive through enactment of several laws which augment the provisions of the Foreign Investment Encouragement Law. This legislation has stimulated a growing interest by private foreign capital in exploring Korean industrial projects. An increasing number of loans are being made by foreign governments, international agencies and private business firms.

One of the new amendments permits the Korean Government to guarantee repayment of foreign loans when it is considered in the national interest to do so. Another amendment brought foreign supplier credits under coverage of the Foreign Investment Encouragement Law.

American private industry has shown its interest in Korean development through the Van Fleet Mission, a group of 28 businessmen and financiers, which went to Korea in May of this year. Headed by General James A. Van Fleet, the mission investigated investment potential under the new 5-year plan.

The visit resulted in feasibility studies for 4 major projects, a steel plant, a fertilizer plant, a polyvinyl chloride plant and a straw pulp plant. One U.S. company which was represented on the mission has agreed to establish a nylon filament plant with a Korean firm on a 50-50 equity basis. This is the first such endeavor undertaken on this scale by an American firm.

The Government of Korea has recently received a $14 million loan for rolling stock from the International Development Association (IDA), an affiliate of the World Bank, and also an $8.3 million AID loan for purchase of 30 U.S. diesel locomotives.

The fishing industry should receive a big boost through a recently negotiated Government contract with an Italian-French Consortium for a $120 million loan to provide a fishing fleet and fish processing facilities. The West German Government has also obligated $35 million in loans to Korea for a series of projects.

All of these loans and others which are pending will provide a noticeable injection of capital goods into the Korean economy, and are particularly valuable in the implementation of the 5-year plan.

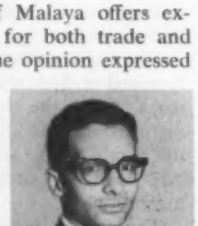
MALAYA: Rear view of tin dredge, showing tailing chutes, at Malin Nawar, Kinta Valley, Perak.

U.S. expanding trade with stable, prosperous Malaya; machinery sells best

Exports to Malaya zoom 75% ahead of 1961 pace; tariff protection likely for industrial investors

By MIRZA T. BAIG
Far Eastern Division, ORE

The Federation of Malaya offers excellent opportunities for both trade and investment. This is the opinion expressed increasingly by American businessmen and Government officials returning from this Asian nation when they address international trade groups in the U.S., an opinion which is amply borne out by the stability of the economic and political situation in the country.



MIRZA T. BAIG

Looking forward to a union with Singapore and the 3 areas of British Borneo, the Federation faces a bright economic future. With industrial and rural development progressing smoothly, unemployment at a minimum, and a high international credit rating, the only cloud on the economic horizon is the future price and demand for natural rubber and tin.

Well-organized replanting schemes in the Federation (replacing low-yield rubber trees with trees which produce more latex), and the efficient and relatively low-cost production of the commodity, should enable the Federation to effect further price reductions.

The Federation's position as the most efficient natural rubber producer among competing suppliers appears assured.

U.S. sales spiral

American exports to the Federation of Malaya are headed for their biggest year yet. During the first 6 months of 1962 the U.S. exported $17 million worth of goods to the Federation, which is equal to total exports for all of 1960, and about 75% higher than the first 6 months of 1961.

Following the usual pattern of the past several years, heavy machinery and earth-moving equipment headed the list. The U.S. exported almost as much machinery and vehicles ($7.7 million) during January to June 1962 as it did for the whole previous year. The continuing expansion of the Federation's road-building and land-clearing programs, the booming construction industry, and the accelerating pace of the country's industrial development, will continue to place increasing emphasis on these items in the import trade pattern.

Other American goods which sell well in the Malayan market are: meat and meat products, unmanufactured tobacco, refrigerators and freezers, chemical specialties, and scientific and professional instruments.

Recently the Federation has been importing more and exporting less, by value. Total imports from all sources for the first 3 months of 1962 were the equivalent of $201 million, with exports at $223 million.

Although the country's exports actually increased in volume, the declining world market price of rubber more than offset the increased volume, and even the recent high price of tin (the Federation's second major export) did not make up the difference.

The worsening trade balance is a matter of some concern to the Federation Government, as the 5-Year Plan for 1961-1965 calls for continued imports of capital goods which must be paid for out of export earnings.

However, with ample foreign exchange reserves and a high international credit rating to draw upon, the Government does not anticipate much difficulty in meeting the plan's requirements.

Responding to the very favorable climate provided by the Federation Government in the form of relief from income tax for up to 5 years for pioneer companies, free repatriation of dividends and profits, tariff protection for infant industries, and well laid-out and equipped industrial estates, foreign and local investors are fast making planned industrialization a living reality in Malaya.

During 1961 a total of 455 new companies were registered in the country, of which 58 were foreign. During the first 6 months of 1962, 180 more new companies with nominal capital equivalent to $113 million were registered.

The Federation of Malaya welcomes American investment. When the new nation of Malaysia (the union of Malaya, Singapore and British Borneo) comes into being by the middle of 1963, the demand for all kinds of consumer and capital goods will increase considerably. There is no doubt that some tariff protection will be given to infant industries.

U.S. exports to Thailand drop; new plants should boost sales

American investors active in transport, rubber and oil; regional trade center at Bangkok promotes U.S. goods

By WILLIAM H. RILEY

Far Eastern Division, ORE

The present Thai market for U.S. products is a favorable one. Although U.S. goods did not retain the same share of total Thai imports as in some previous years, the trend for the remainder of this year indicates some improvement.

WILLIAM H. RILEY

As Thailand continues to strive for economic diversification coupled with increased industrialization, the market for both capital goods and equipment and consumer goods is growing.

The Thai economy has given a satisfactory performance for the first half of this year. With no unexpected reversals or advances both imports and exports have increased. A greater increase in imports has resulted in a negative trade balance, but a sizable balance of payments surplus still exists and has resulted in increasing the country's foreign exchange reserves.

The predominant agricultural sector of the economy has fared better during January-June 1962 than in the comparable 1961 period, chiefly due to the high price of rice. While the volume of rice exports for the first 5 months of the year rose by 11%, their value increased by over 22%.

Among other agricultural products, kenaf production rose substantially, but a drastic fall in the world price resulted in a drop of earnings below the comparable 1961 period.

Rubber prices were also down but have shown some recent signs of stability. Tapioca and corn, 2 other major Thai crops, were both doing well.

Mineral production for the initial 5 months found tin up by over 10%; the higher price of this commodity was reflected by a 24% rise in its export value contrasted with a 10.5% gain in volume. Iron ore production, while not as significant as tin, was nevertheless triple that of January-May 1961.

A trade deficit of about $14 million for January-May 1962 can be contrasted with a trade surplus of $3.5 million for the comparable 1961 months. Total Thai exports and imports reached $222 million and $236 million, gaining 10.4% and 19.6%, respectively.

The trade deficit did not prevent a favorable balance of payments, which at the end of June helped to account for the high level of $477 million in gold and foreign exchange reserves, up 24% over the first half of 1961 and covering the value of almost a full year's imports.

American participation in the Thai market was significant both in the fields of trade and investment. U.S. investors were active in transportation, rubber tire production, and supplying crude oil.

During the remainder of the year the volume of American-Thai trade should be augmented to the extent that some U.S. procurement is being tied to U.S. assistance.

For the first 6 months of 1962, U.S. exports to Thailand totaled over $35 million, up almost 17% from the comparable figure for the previous year. American imports from Thailand amounted to over $19 million, a 3% gain.

With data for only the first quarter thus far reported, the U.S. share of the Thai market advanced from slightly over 13% to about 16%, with Thai imports from the U.S. rising 40% above those of a year earlier. Among the principal gainers were iron and steel mill products; electrical machinery; power generating and distribution equipment; construction, excavating and mining equipment; and trucks and tractors. The share of

EFFECTS OF IRRIGATION: Women working cotton on the Sarm Chuk Agronomy Farm near the Chainat Barrage in Thailand. (Photo, International Bank for Reconstruction and Development)

Thai exports absorbed by the U.S. remained relatively unchanged, but according to U.S. data total Thai exports to this country for first quarter 1962 showed an increase of almost 17% above the comparable 1961 quarter.

Because of the increasing importance of the Southeast Asian market, the U.S. and other nations have engaged in various trade and investment promotional activities. The U.S. successfully launched its regional Trade Center at Bangkok last May. West Germany recently extended loans to the Thai Government for its railway system; and Japan has continued to be the principal Thai supplier, furnishing about 30% of all Thai imports, and providing a host of sales, services and credit facilities.

With increased foreign economic assistance and the resultant acceleration of general economic activity, Thailand appears about to embark upon a transitional period of industrial diversification and development.

TAIWAN DETERGENTS

Proctor and Gamble A.G. of Luzern, Switzerland, established a Taiwan subsidiary in July for the manufacture and marketing of detergents and related items.

Outlook gloomy for increasing Indonesian trade

U.S. economic survey team's report may bring increased aid, tied to procurement in U.S.

By VIRGINIA WEBBERT
Far Eastern Division, ORE

The short-term outlook for U.S. exports to Indonesia is bleak. The Indonesian Government has sharply reduced its foreign exchange allocations for imports and official foreign exchange reserves remain at a low level. Moreover, earnings from exports have been fairly static, and the already high level of payments for debt servicing has made the Government reluctant to finance imports through additional borrowing.

VIRGINIA WEBBERT

For U.S. traders, the only bright spot in the short-term outlook is the increased opportunity for Indonesian importers to purchase some types of goods under the SIVA or special exchange-permit system. SIVA permits were being acquired during the first half of 1962 at prices approximating the open market rate.

The peaceful settlement of the West New Guinea issue should stimulate the nation's output and trade by enabling the Government to cut military expenditures and channel more of its resources into productive enterprise. The Government can now embark on a long-needed stabilization and development program. So far Indonesia has made little progress on its 8-year economic development plan.

At present, access to foreign loans is strictly controlled and limited. The Bank of Indonesia is reportedly limiting project loans to those needed to rehabilitate existing facilities and support of export industries.

The Bank will approve short-term loans for spare parts, essential raw materials, and fertilizers, preferably on a deferred payment basis. These are desperately needed since cuts in foreign exchange allocations have forced many important manufacturing plants to reduce output to 30 to 40% of capacity. The Government has also proceeded very slowly in drawing on a backlog of over $500 million in unused Sino-Soviet Bloc credits.

The August 1962 release of the report of the U.S. economic survey team to Indonesia, which visited that country in 1961 at President Sukarno's request, has heightened Indonesia's hopes for U.S. economic assistance. The report calls for a 5-year program of economic aid totalling $390 million, of which the U.S. would provide up to $235 million in loans and grants.

Should additional U.S. aid be made available it would result in increased imports from the U.S.

During the first half of 1962 Pan American Oil Company concluded the first contract with the Indonesian Government under the Petroleum Law of 1960. The Indonesians claim the contract with Pan American, a newcomer to Indonesian petroleum field, will be used as a model for other oil agreements.

Opportunities for private U.S. capital in Indonesia continue to be limited almost entirely to production-sharing arrangements.

THAILAND: View along Klong Padung, showing the traffic of boat venders who sell their wares to shopkeepers whose stalls front on streets bordering the Klong. (United Nations photo)

This type of arrangement, recently endorsed by President Sukarno to attract foreign capital, is aimed at stepping up economic activity without placing a burden on the balance of payments. Foreign firms are invited to supply credit in the form of capital goods or know-how and receive repayment in physical shares of the output, or a share of the profits from the sale of the output abroad.

Such arrangements are most likely to be approved in the agricultural and extractive industries.

Only one U.S. company has so far entered into a production-sharing arrangement; this involves marketing frozen tuna. Recently, 8 additional American companies have expressed interest in projects to develop nickel, forestry products, coconut oil, coffee and spices, rubber and sugar.

The Japanese have negotiated a production-sharing arrangement in the North Sumatra petroleum industry and in nickel mining on Sulawesi, while the West Germans have contracted a production-sharing arrangement for a palm oil plant near Medan.

The terms of production-sharing contracts are negotiated on a case by case basis.

U.S. trade with Indonesia held up well in the first half of 1962. In spite of severe import restrictions imposed by Indonesia, U.S. exports totaled $67.7 million, compared to $71.4 million in the first half of 1961.

The full effects of the import controls imposed in 1961 were probably not yet apparent. As in 1961, the U.S. share of Indonesia's imports amounted to between 15% and 20% of the total. The bulk consisted of $23.2 million in machinery and vehicles, lower than in the same period of 1961, and $22.1 million in vegetable food products and beverages. The latter held up mainly because of the significant quantity of rice supplied under the PL 480 program.

As in 1961, other important U.S. sales to Indonesia included metal products, chemicals and textile fibers and products.

From January to June 1962, U.S. imports from Indonesia totaled $72.3 million compared to $75 million in the first 6 months of 1961. As in 1961, the major commodities were crude petroleum ($25.6 million), crude rubber ($23.2 million) and tin ore ($10.3 million).

AID program gives U.S. firms inside track in Viet Nam

Hostilities dampen hopes of immediate economic growth; fiscal reforms boost consumer, capital machinery costs

By DANIEL SZABO
Far Eastern Division, ORE

The outlook for U.S. exports to Viet-Nam for the remainder of 1962 is favorable.

DANIEL SZABO

• U.S. economic assistance, which finances a large proportion of the country's total imports, is continuing at a high level.

The short-term domestic outlook, however, offers little cause for optimism.

Adjustments necessitated by monetary and fiscal reforms of January 1, 1962; the heightened tempo of internal hostilities and the Government's consequent pacification program; the slowing down of rail transportation; lower exports and declining exchange reserves have slowed the pace of economic development and depressed some sectors. On the other hand, favorable developments included a moderate increase in industrial production and overall consumer demand, additions to the country's manufacturing capacity, the signing of an oil refinery contract and National Assembly approval of the Second 5-Year Plan.

The U.S. share of Viet-Nam's imports has shown a steady increase. This is due largely to the U.S. aid program, which during the first half of 1962 financed 68% of Viet-Nam's imports.

Since January 1961 U.S. aid has been subject to the "limited world wide" procurement policy which eliminates major competition from 19 developed countries from a large portion of the import market.

Our share of imports rose from $26.3 million (24% of total imports) during the first 5 months in 1961 to $36.8 million (35% of total imports) during the same period in 1962, a growth of 40%.

Purchases of U.S. goods have also increased in absolute value, particularly in such specific commodity categories as pharmaceuticals, chemicals, paper and cardboard, base metals, machinery, electrical equipment, vehicles and petroleum products. Many of these items were formerly supplied by traditional European sources, now on the list of ineligible countries.

The U.S. remained sole supplier of dairy products, wheat flour, and tobacco, which are sold to Viet-Nam through Public Law 480.

Sales prospects

With the advantage of AID's limited world-wide procurement policy, good sales opportunities are likely to continue in such items as fertilizers, pharmaceuticals, iron and steel products (especially galvanized and plain corrugated sheets), piping, trucks and utility vehicles (including automobiles convertible into 8 to 14 passenger buses), metal working machinery, synthetic rubber and rubber products, and small gasoline engines.

While sales possibilities will also be good in some machinery items, they are less favorable for consumer products.

High duties and taxes on consumer lines, especially luxury items, have increased prices, and these goods are not moving well on the local market.

In line with the Government's policy of discouraging non-essential imports, certain high-quality textile fabrics were added to the list of banned imports. Such items as duplicating paper, certain kinds of ink, thermos bottles and corrugated cardboard, now manufactured locally, were also banned.

The January 1, 1962 fiscal reforms, which resulted in the *de facto* devaluation of the piaster from 35 to 60 piasters per U.S. dollar and revision of the customs tariff, have affected both importers and investors whose ventures require the machinery imports (totaling perhaps $30 million a year).

The cost of many consumer items rose substantially and piaster capital requirements for investors requiring imported machinery increased steeply (according to some estimates, by 71%). To provide temporary relief, during the second quarter the Government granted extended terms (installments over a year) for payment of the economic development surtax (25 piasters per U.S. dollar) on imports licensed during 1961.

Taiwan's rapid economic growth creates market opportunities, challenges for U.S. exporters

Shift anticipated in trade pattern from aid-financed imports to GRC foreign-exchange purchases

By MAURICE KOGON
Far Eastern Division, ORE

Opportunity and challenge most aptly characterize Taiwan as a market for U.S. products.

MAURICE KOGON

Opportunities, particularly outstanding arise from the expectation of heightened raw material and capital goods requirements accompanying Taiwan's present rapid rate of economic growth (increases in real national income were 8% and industrial production, 12% in 1961).

Taiwan has experienced the second highest rate of economic development in Asia, exceeded only by Japan. Not only have U.S. exporters enjoyed the fruits of this progress, but American and other foreign investors as well have responded dramatically to the island's widening base of investment opportunities. Since adoption of broad foreign investment incentives in late 1960, the total level of approved foreign investments in Taiwan rose from $74.2 million (1951-1960 cumulative level) to $110.5 million as of June 1962. Thus, about $36 million in foreign investments, or more than one half the preceding 10-year level, was approved in the year and a half since 1960.

The correlation between economic growth and rising imports from the United States has been clearly demonstrated by the pattern of U.S. trade with Taiwan over the last several years. Taiwan's market for U.S. goods ($140 million in 1961), already fourth largest among the 13 countries in Southeast Asia and the Far East, has grown at an average annual rate of 18% since 1958, including 35% ($27 million) in 1961.

Indicative of the fast pace of economic activity in Taiwan is the fact that our export increase to Taiwan in 1961 constituted nearly 7% of the total U.S. increase to all countries in that year. The movement of industrial materials into Taiwan has accounted for most of the island's import expansion. Purchases of raw materials and capital goods, for example, increased by 27% ($32 million) and 38% ($27 million) respectively.

Imports from U.S. jump

These trends carried into 1962 at the same remarkable pace and show no sign of abatement. Comparing the first 6 months of 1962 and 1961, Taiwan's total imports increased by 21% ($36 million) to $202.5 million, while imports from the United States rose by 33% ($22 million) to a half-year record of $88 million. Again, raw materials and capital goods accounted for most of the expansion, with increases of 26% ($20 million) and 41% ($20 million), respectively, in the first 6 months.

Thus, the prospects are promising for increased U.S. exports of a broad range of industrial products, notably ores, metals, metal manufactures, vehicles, vessels and parts, machinery and tools, electrical materials, chemicals, oil and wax, and crude and fuel oil. A new $20 million loan from the Agency for International Development for commercial procurement solely from the United States was granted in July. Commodities to be purchased by the Chinese Government under this loan are hides and leather, artificial graphite electrodes, sulfur, pharmaceuticals, rubber, pulp, vehicles and spare parts, iron and steel, chemicals, and machinery.

The outlook for increased U.S. exports of consumer-type goods, however, is not as bright. The Chinese Government announced its intention to curtail expenditures of foreign exchange in 1962 for such consumer goods as pharmaceuticals, dairy products, fruit, photographic equip-

TAIWAN: Kaohsiung refinery of the Chinese Petroleum Corporation. (Chinese Embassy photo)

ment, stationery, food and beverages, textiles, and printing materials.

Trade pattern shift seen

The challenge to U.S. exporters is as imposing as the opportunities are impressive. It stems from an anticipated shift in the pattern of trade away from aid-financed commodity imports toward more reliance on Chinese Government (GRC) foreign-exchange purchases. Thus, while U.S. suppliers will be finding a larger and larger market in Taiwan, they will also have to be aggresive competitors to obtain a more lucrative share of the island's imports. American firms that have hitherto sold directly to Taiwan under aid procurement should now give careful consideration to the appointment of local agents or representatives to assist them in securing orders purchased with GRC foreign exchange.

Strongest competition will come from Japan and the Federal Republic of Germany. Nevertheless, present signs are favorable for American exporters, inasmuch as Taiwan's greatest import needs will be for industrial products in which the United States has consistently demonstrated the capability to compete successfully with Japan.

U.S. share of imports 43%

This forecast is supported by encouraging developments in the first half of 1962. Whereas goods imported under aid procurement decreased by $12 million to $49 million, those purchased with GRC foreign exchange rose by $26 million to $120 million; and U.S. exports accounted for over two-thirds ($18 million) of that increase. Accordingly, the U.S. share of GRC foreign exchange imports rose from 21% to 32% ($38 million) of the total. Combined with the unprecented 92% of Taiwan's aid-financed imports obtained from the United States (65% in first half 1961), which confirms the success of AID's Limited World Wide Procurement program, the U.S. share of total imports attained a record 43%.

If this trend continues, as is entirely possible if U.S. exporters will address themselves to both the opportunities and challenges of Taiwan's market, the United States may replace Japan as the island's principal supplier, not only of aid-financed goods but of the increasing variety of products subject to competition from Japanese suppliers.

Growing Cambodia offers good trade and investment prospects to U.S. business

Small industrial sector offers best market for U.S. goods; aid program helps sales, but Japan is still chief supplier

By DANIEL SZABO
For Eastern Division, ORE

While Cambodia's overall imports declined somewhat during the first 5 months of 1962, sales of U.S. products improved, continuing an uninterrupted series of increases which began in 1958. Agricultural production expanded, diversification of output continued, and several major industrial projects have come closer to realization.

Ample foreign exchange reserves, good demand abroad for the country's principal foreign exchange earners (rice and rubber), and vigorous activity in both public and private construction indicate growth in all sectors and excellent prospects for U.S. exports.

The decline in Cambodian imports (from $40.4 million during January-May 1961 to $39 million in 1962) is principally the result of a conscious effort by exchange control authorities to keep Cambodia's trade deficit to a minimum. Exports through May of this year have been down by $6.8 million from a 1961 level of $31.6 million. Rice exports, which account for over ⅓ of total exports, were temporarily suspended in March, and account for $4 million in lost earnings.

Lower export earnings coupled with the increased cost of AID-financed imports which accounted for 21% of the total in 1960 and 14% in 1961 caused a decline in Cambodia's exchange reserves to $105 million at the end of May. Present reserves are still at their highest postwar level except for 1961.

Imports from the U.S. on the other hand, showed a slight improvement. The U.S. share of Cambodia's imports increased from 15.6% ($6.3 million) of total imports during January-May 1961 to 17.5% ($6.8 million) during the same period this year.

The U.S. share in previous years has been 11% in 1959, 12% in 1960 and 16.5% in 1961.

The good performance of U.S. goods in the Cambodian market stems from the continued expansion and diversification of the Cambodian economy. AID's limited world-wide procurement policy has also channeled an increasing proportion of funds into the purchase of U.S. commodities.

The overall increase in U.S. sales was only 8% between the first 5 months in 1961 and the same period in 1962; however, U.S. sales were particularly good for machinery ($1.95 million compared with $2.4 million for all of 1961) and motor vehicles ($1.89 million compared with $2.5 million in 1961). The U.S. was principal supplier of both these products.

Cambodia also obtained a major share of its petroleum products ($471,000), pharmaceuticals ($291,400), and aircraft and parts ($380,000) from U.S. sources. Iron and steel products ($177,000), rubber manufactures ($154,300), electrical equipment ($140,000), foodstuffs ($97,000) and tobacco ($83,000) accounted for much of Cambodia's remaining purchases from the U.S.

Despite their exclusion under AID financing, both France and Japan were able to compete with U.S. goods in this period.

The first half of this year saw a surge in both private and public construction. Cement and concrete reinforcing rods were in such high demand that a shortage developed during the first quarter. Phnom Penh's urbanization, and building activity in the provinces continued at an impressive pace; opening of new road links to 2 provincial capitals and additional road building under the army's "civic action" program in the inaccessible, largely unpopulated border areas are tangible evidence of progress.

Increased construction activity will provide expanding markets for U.S. construction equipment, motor vehicles, petroleum products, iron and steel products and other items.

Cambodia's small, but growing indus-

trial sector, offers the best prospects for U.S. goods. Thus far this year a new soft drink bottling plant, a timber producing company, and a 15-ton-a-day rice mill went into production.

The formation of 5 large manufacturing concerns (a brewery, a phosphate plant, a lumber company, a fishery and cannery, and a 10-million-meter-a-year cotton textile mill) have been approved by the Government this year.

The number of small manufacturing businesses has also expanded rapidly in the last few years.

U.S. exporters can benefit from the growing trade and investment opportunities provided by this intensified Cambodian industrial activity. New industries will create additional demand for machinery, rubber manufactures, lubricants, pumps, electrical equipment, trucks, air conditioners, and similar products.

Strong European and Japanese competition in these import categories will require increased U.S. sales promotion efforts and ingenuity, including formation of joint ventures with local businessmen, frequent visits by competent French-speaking sales-engineers and flexible credit terms.

Singapore's businessmen cautiously await Federation

U.S. moves up to 5th place among Singapore's suppliers; American tractors, cigarettes are perennial best-sellers; domestic output may replace imports of some goods

By MIRZA T. BAIG
Far Eastern Division, ORE

The main theme of the current economic situation in Singapore is "wait and see." Wait for the imminent merger with Malaya and British Borneo into the new Federation of Malaysia, and see what this new politico-economic union will bring.

Malaysia is due to be formed by the middle of 1963, and until that time no startling upsurge of economic activity is expected to take place. Of course, trade will go on as usual, as Singapore's trade pattern is not primarily tied to domestic factors, but rather is a function of economic activity in the neighboring countries of Southeast Asia as well as of domestic economic developments.

Investment in new industries or the expansion of existing ones is slow and hesitant, businessmen being reluctant to sink large amounts of money into fixed assets until they have a better understanding of what the future holds.

U.S. ranks fifth

American exports to Singapore during the first half of 1962 pushed the U.S. a little higher up the ladder of suppliers, capturing 5.2% of the market compared to 4.7% last year, and putting this country in fifth place as a supplier of goods to Singapore.

According to Census Bureau figures, the U.S. exported $24.1 million worth of goods to Singapore during the first half of 1962. This is $2 million higher than the figure for the comparable period last year, and indicates that total exports for 1962 will not be much higher than the $47.2 million level of 1961.

Machinery and earth-moving equipment remained the pace setters among imports. Singapore is particularly partial to American tractors, importing almost $2 million worth of them during the first 3 months of this year. Most of these tractors, as is true of other imports, are re-exported to Malaya, Borneo, Indonesia and other parts of Southeast Asia.

American cigarettes enjoy a perennial popularity in Singapore, even though there are several cigarette factories which make local brands at cheaper prices.

During first quarter 1962, $984,000 worth of cigarettes were imported.

Other American goods showing gains are rubber tires and tire casings, petroleum products (this export will decline as the 2 local refineries move into high gear), electrical machinery, power generating apparatus (more of this was exported during January-March 1962 than for the whole year 1961), construction and mining machinery, and replacement parts for automobiles.

In spite of these promising signs, American exports to Singapore face some problems. Domestic industrialization is producing a new crop of factories designed to meet the growing needs of the population, and signs point to protective tariffs being levied to protect some of these infant industries.

In July the Singapore Legislative Assembly approved legislation setting up a permanent Tariff Advisory Committee, which, while fully cognizant of the importance of Singapore's free port status, may well add new commodities to the 2 already protected items, soap and certain paints and varnishes.

Investors waiting

The Singapore Government, firmly committed to industrialization under its 4-Year Development Plan for 1961-1964, is finding it hard to persuade local or foreign entrepreneurs to invest in new industries during this time of economic and political uncertainty.

The Government's operating arm in this field, the Economic Development Board, has offered many carrots in the past half-year to lure the businessman. The Board is prepared to supply up to 75% of the total capital needed to establish new industries, in loans or shares.

It has announced plans to establish a small industry institute to give special attention to the problems of Singapore's small manufacturers.

In mid-July, the Board announced a scholarship scheme, to be financed jointly by employers and the Government, for training promising employees at home and abroad. A series of lectures, under the direction of a top Development Board official, will be given to the island's business executives.

In spite of all these inducements, results to date have not been spectacular. With 2 competing national labor organizations operating at fever pitch, each outdoing the other in promises to members, and recurring strikes when the promises are not fulfilled by industry, the threat of labor strife still hovers over industry like a menacing cloud.

All eyes and pocket books in Singapore are turned towards Malaysia. As the undisputed financial and trading center of Southeast Asia, Singapore stands to gain the most by the proposed merger with Malaya and British Borneo (see International Commerce, July 16, 1962).

Malaysia will be the beginning of a new and highly promising era for Singapore. Merger, will mean greater political stability for Singapore, as well as an improved investment climate and the opening of a broader unrestricted market for Singapore-produced goods.

MOUNTAIN TO MOHAMMED: Diyala River's Derbendi Khan dam site, seen from the air nestling in the Barand Dagh mountain range, is for irrigation purposes. Town for project workers is in foreground.

NEAR EAST-SOUTH ASIA SECTION

Iraq encourages raw materials, semi-processed goods imports

Tariff hikes, ban on some imports place damper on U.S. goods

By HOWARD M. ZIMMERMAN

Near East-South Asia Division, ORE

If present trends continue, U.S. exports to Iraq are not likely to surpass the total 1961 figure of $37.4 million. Tariff changes and an expanded list of prohibited imports may produce a restrictive influence in the coming months.

HOWARD ZIMMERMAN

Iraqi trade figures available for the first quarter of 1962 indicate that the United States remained Iraq's second largest supplier after the United Kingdom, providing 12.9% of total imports compared with 10.2% during the same period of 1961.

United States trade statistics for January-June 1962 record sales to Iraq of $17 million, down from the comparable 1961 figure of $19.3 million. The overall decline was due to slightly smaller sales of tires, refrigerators and freezers, air-conditioning units, construction equipment, metal-working machinery and motor vehicles. A more pronounced decline, however, was somewhat restrained by increased exports to Iraq of rice and wheat flour.

Raw materials wanted

Future sales of U.S. goods in Iraq may be adversely affected by new tariff legislation which provides for substantial increases in customs duties on a wide range of manufactured products, including automobiles, air-conditioning units, electronic products, household and industrial appliances, and similar durable consumer goods. On the other hand, reductions in customs charges were effected for raw materials and semi-processed goods needed in local manufacture which are not being produced in sufficient quantity in Iraq.

The tariff increases came on the heels of a release, in mid-June, of the 1962 import program approved in February. The list of prohibited imports contains the 48 items on last year's list, plus 14 new categories—mostly items now manufactured by domestic industry in quantities considered sufficient to meet local demand.

Protection

Although the import licensing system was not abolished with the revision of the customs tariff, the Government aims at imposing higher tariff protection wherever possible as a substitute for quantitative protection in the form of import licensing.

While it is too early to determine the extent to which the import licensing system based on annual allocation will be modified, one immediate result has been higher prices on existing inventories in spite of warnings that such action by sellers would be met by active Government disapproval.

A bright spot in the trade picture was an indication that the Ministry of Trade will permit imports of 1963-model American and European passenger cars and station wagons under quotas to be allotted to each dealer.

Fruitful field

Although long-range predictions are difficult to make, some U.S. items should represent a fruitful field for expanded effort on the part of present and potential American suppliers to the market. These include all kinds of refrigerators, commercial and household air conditioners, and air coolers, electric fans, motors, and generators, radio and television sets, washing machines, electrical appliances, motor vehicles and parts, tires and tubes, lubricants, agricultural machines and implements, road-building and industrial machinery, machinery and supplies, drugs and pharmaceuticals, medical, surgical and scientific instruments, photographic equipment, canned foodstuffs and cigarettes, cosmetics, second-hand clothing, and ready-made clothing for ladies and children.

December 1961 measures for Implementing the 1960 Law (#23) Regulating Commercial Agencies confined all commercial agencies in the country to Iraqi nationals or to companies having a majority of the shares in Iraqi hands. Of the 663 trade agencies affected by the law, an undetermined number have "Iraqized" through sales of controlling interests in Iraqi bonds to Iraqi nationals.

Private capital development projects dominated the investment scene during the half-year and several American busi-

ness firms are engaged with Iraqi industrialists in new projects including a soft-drink bottling plant and the manufacture of detergents. Other U.S. firms are interested in establishing a refrigerator plant, but no definite steps have been taken.

Oil production during January-June was over 24 million long tons, 1 million tons over the same period of 1961. Oil payments to the Government for the first 6 months of 1962 amounted to about $132.4 million.

Pakistan market for U.S. goods, services growing; continued expansion in prospect

U.S. businessmen urged to keep abreast of development loans granted by AID; new tax concessions offered

By GEORGE S. AYRES

Near East-South Asia Division, ORE

U.S. businessmen should continue to concentrate on the growing Pakistan market for U.S. goods and services.

GEORGE S. AYRES

Import restrictions on most capital goods, industrial equipment, raw materials, and other essential items have been substantially relaxed over the past few years and although no further liberalization is expected in the immediate future, U.S. exports should increase further on the strength of a continuing high level of U.S. economic assistance.

A major portion of U.S. exports to Pakistan are directly financed by the Agency for International Development (AID), giving current and prospective suppliers an important advantage in getting their products into this large and expanding market.

Pakistan continues to make a concerted effort to attract U.S. and other foreign investors and new tax concessions have recently been offered by the Government.

U.S. firms interested in developing and sustaining a good market for their goods in Pakistan should keep abreast of development loans granted by AID to Pakistan. AID has authorized $207.9 million in long-term loans to Pakistan during the 1962 fiscal year as part of the planned international assistance to Pakistan. Most of this will be used to procure U.S. goods and services. About the same amount is expected to be authorized for fiscal year 1963. U.S. suppliers also should be aware of loans granted by such agencies as the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), and of tenders issued by Pakistan Government agencies for a variety of items.

The United States remains Pakistan's principal supplier, furnishing 36% of the country's total imports, valued at $289.2 million in the first 5 months of 1962. The United States in this same period took 9.4% of that country's exports, valued at $157.9 million. In spite of the high level of imports, Pakistan's gold, dollar, and sterling reserves amounted to $236 million at the end of August 1962 compared with $247.1 million at the end 1961 and $242 million at the end of August 1961.

Total U.S. exports to Pakistan were valued at $115.6 million in the first half of 1962 compared with $93.7 million in the like 1961 period.

Machinery exports jump

A substantial, but undoubtedly a temporary, decline in shipments of surplus commodities was compensated for to a large extent by significant increases in exports of machinery and vehicles, and iron and steel mill products. Shipments of PL-480 surplus agricultural commodities amounted to only about one-quarter of the total in the first 6 months of 1962 as against one-half in the like period of 1961. Exports to Pakistan of machinery and vehicles almost doubled, however, rising from $21.9 million in the first half of 1961 to $42.1 million in January-June 1962, while iron and steel mill products jumped from $6 million to $20 million during the same period.

The significant increase in machinery and vehicle exports reflected heavy shipments of construction and roadbuilding machinery, presumably destined for the huge Mangla Dam project being undertaken by a consortium of American firms. Other groups of U.S. exports on the rise in 1962 were railroad equipment, medicinal and pharmaceutical preparations, and chemical specialties. On the other hand, exports of trucks and lubricating oils fell drastically.

The United States will participate in the Pakistan International Trade Fair to be held in Karachi October 12–November 20. More than 40 American firms will display their goods at the U.S. exhibit which will have as a theme, Machines in the Service of Man, and feature small industries suitable for Pakistan.

U.S. imports from Pakistan amounted to $23.7 million in the first 6 months of 1962, an increase of 16% over the $20.4 million imported in the 1961 period. Imports of unmanufactured jute made up most of the increase in the 1962 period although other items such as shrimp and prawns, jute burlap, goat and kid hair, and sporting goods showed small increases. Import items which declined in value were gums and resins, goat and kid skins, and carpet wool.

Greater export promotion on the part of Pakistan has been apparent. Although the import policy for July-December 1962 continues the previous liberal policy of enabling a large number of industries to import their total requirements of raw materials and spare parts, the Government has warned that industrialists who have taken inadequate interest in the export market will have their import licenses reduced if they fail to show an export performance by the end of 1962.

The Government in March launched a 3-year trial of an Export Credit Guarantee Scheme. Its object is to encourage exports by having the Government underwrite financial risks involved in export trade not covered by the usual insurance policies. For the present, the plan will cover all exports except those of jute and manufactures, and raw cotton and wool.

New tax concessions

Pakistan looks to the private sector for a major contribution to the nation's economic development. To encourage even greater activity by Pakistani and foreign investors, additional concessions were announced this year in taxation.

A development allowance of 20% now is to be allowed on plant and machinery installed after June 30, 1962. This important concession, which will not be applicable to firms now enjoying the tax

holiday, is in lieu of the existing initial and additional special depreciation allowances and will enable taxpayers to recover 120% of the cost of the capital asset.

For mining concerns, not eligible for the tax holiday or subject to special tax exemptions, a depletion allowance of 15% subject to a maximum of 50% of the capital employed in the relevant year now will be allowed. Import duties on a large number of essential goods and raw materials for industry also have been reduced.

Industrial progress by the private sector during the second 5-year plan, as outlined in the Government's Industrial Investment Schedule, has been impressive. Of a total scheduled investment of $598.5 million for the 5 years, $554 million, or 92.7%, was sanctioned for investment in only the first 18 months (July 1960-Dec. 1961) of the plan period.

Heavy industry emphasized

A changed emphasis on the kinds of industry desired now appears likely. A high-level industrial policy board met recently in Karachi and recommended a shift toward heavy industry. If the board's recommendations are adopted, as seems likely, top priority in industrial development will go to the machine tools industry. Also high on the list are electronics equipment, trucks, railway locomotives and carriages, petrochemicals and a standardized automobile. The formal report of the board will be used by the Government as a basis for revision of the Industrial Investment Schedule.

A public company was formed this year for the Karachi Steel Mill by the Swindell-Dressler Associates (U.S.) and the Pakistan Steel Consortium, a group of Pakistan's leading industrialists. The new company will have an authorized capital of $105 million, and an equity capital of $40 million of which $11.65 million will be provided by the U.S. group, $14.7 million by the consortium, and $13.65 million offered for public sale in Pakistan.

The East Pakistan Industrial Development Corporation plans to establish a 100,000-ton steel mill at Chittagong. This plant is to be built by a Japanese company or consortium with the foreign exchange costs, estimated at $18 million, being met by Japanese credits.

Amid rumblings of increased costs for the tremendous Indus Basin project, which threatened to jeopardize its future, the program moved into high gear with the awarding of the first contract, valued at $355 million, to a consortium of American companies for construction of the Mangla Dam. Shortly after, a $25.5 million contract was awarded to Kaiser Engineers of the United States for construction of the Trimmu-Sidhnai Link Canal.

Four other contracts were awarded for projects connected with the first stage of the Indus Basin. A British-Danish combine received a contract valued at $22.7 million for construction of the Malisi Syphon project; a French firm, one for $25.7 million for constructon of the Sidhnai barrage; an Italian concern, a $42 million contract for construction of the Sidhnai-Mailsi link canal; and a Pakistani firm, one for $6.25 million for construction of the Mailsi-Bahawal link canal.

Bountiful crops brighten Syria's exchange situation

General trade-control easing seen after best cotton year

By ALBERT N. ABDO
Near East-South Asia Division, ORE

A growing silver lining has begun to dispel what has been a gloomy Syrian trade picture in recent years. Record 1962 harvests after 4 years of drought and poor crops are easing Syria's foreign exchange situation and foretell a general easing of trade controls.

On July 11, a liberalization of the exchange controls of February 1961 restored to the Syrian pound a large measure of convertibility. Syrian and foreign currencies may now be traded freely in Syria. Also, currencies may be imported and exported freely, as may gold and other precious metals. The export of foreign exchange instruments remains subject to liberalized regulations and foreign exchange earnings (with some exceptions) must still be sold to the Exchange Office. On July 24, the Syrian pound was devalued from 3.57 to 3.8 to the U.S. $1.

Best cotton season

The relaxations have been sparked by the fact that the 1961-62 cotton season has been the best on record (and early observations are that the 1962-63 season may surpass it). Also, 1962 harvests of wheat, barley, and lentils exceed the harvests of 1957 — hitherto considered the best in 25 years. This factor, plus a $41.6 million stabilization fund contributed by the U.S., West Germany, Italy, and the International Monetary Fund, has considerably strengthened Syria's economic situation.

Prime supplier

In 1961 the U.S. was Syria's prime supplier. Excluding PL-480 shipments, America appears now as second supplier after West Germany. Other important suppliers were the United Kingdom, Italy, France, and the Netherlands.

U.S. exports to Syria in the first half of 1962 were $22 million compared to $21 million in the same period of 1961 (full year 1961: $27 million). As in 1961, shipments of grains and preparations under PL-480 constituted about 2/3 of the total. The bulk of the remaining shipments were mostly rubber tires, lubricating oils, miscellaneous industrial and electrical machinery, wheeled tractors and parts, medicines, and spare parts for motor vehicles.

Essential imports

With 4 years of import austerity waning, prospects are that U.S. shipments to Syria can increase in 1962 and into 1963. U.S. exporters of machinery, motor vehicles, agricultural implements and other manufacturers may find it advantageous to take a fresh look at Syria, but heavy competition can be expected from European exporters. Also, exporters should expect that top priority will still be given to "essential" imports and those necessary to carry out the Syrian 5-year plan.

A factor pointing to increased U.S. exports is that the U.S. has offered a loan of $14.7 million to help Syria construct a nationwide grain storage system. Disbursement of the loan is to be made for U.S. goods and services only. Also, as part of the U.S. contribution of $14 million to the stabilization fund, the Export-Import Bank has offered Syria a $5 million line of credit for financing the import of capital goods and commodities of U.S. origin.

INDIAN ISRAEL RESEARCH

The U.S. Department of Agriculture has granted India and Israel funds for research aimed at improving propagation of forest trees and increasing the milk production of dairy animals. India will receive the equivalent of $86,176 in rupees and Israel will be given $76,060 worth of Israeli pounds.

Growing Indian market eager for new machinery and industrial materials

U.S. has committed over $980 million to first 2 years of third 5-Year Plan; aid program adds to export sales; Indian Government gives incentives to certain industries

By JACKSON B. HEARN
Near East-South Asia Division, ORE

India's rapidly expanding economy is creating a growing market for U.S. goods. Indian industry is eager for machinery and raw materials to be used in establishment or expansion of manufacturing plants, and no let-up in this demand is in sight.

JACKSON B. HEARN

The U.S. stands to maintain its position as India's leading supplier in 1962, for the fourth consecutive year. Other principal suppliers are the United Kingdom and the EEC, particularly West Germany.

Sales of U.S. manufactures and industrial raw materials spurted to $194 million for the first half of 1962, compared with $242 million in all of 1961. U.S. Government shipments of surplus agricultural commodities, at about $100 million, were running behind 1961, when they totaled $240 million for the year. American investment activity was also at a considerably higher level than in 1961.

U.S. imports of $125 million from India were at about the same rate as in 1961, when they totaled $255 million. Jute manufactures accounted for over half of these imports, and vegetable food products (mainly tea, cashew nuts, and spices) for one-fourth.

The improved U.S. export picture in 1962 reflects mainly an increase in aid-financed shipments and points up the important role of U.S. development assistance as a vehicle for exports. With procurement under U.S. development loans generally tied to U.S. sources, nearly all the $980 million to be made available for the first 2 years of India's third 5-Year Plan (April, 1961-March, 1966) will finance U.S. purchases.

Under the commitment of $545 million for the first year, the U.S. has announced loans amounting to $508.2 million, and loans to cover the balance of the commitment are being processed. Project financing by the Agency for International Development (AID) and the Export-Import Bank accounts for $288.2 million of the loans announced.

U.S. diesels

Over $154 million is for electric power projects, while $43 million will cover purchases of U.S. diesel locomotives. Coal mining and coal washery machinery, construction and excavating machinery, fertilizer industry machinery, pulp and paper-making machinery, and other industrial machinery also afford significant export opportunities under project financing.

In a departure from normal loan policy, AID has extended $220 million in non-project loans under the first year commitment. These loans cover purchases in the U.S. of non-ferrous metals, synthetic rubber, tire cord yarn, carbon black, wood pulp, sulfur, calcined petroleum coke, auto and truck components and spares, cellulose acetate, phenol, styrene monomer, machine tools, compressors, rollers for steel plants, and other general purpose components and materials.

Assurance of forth-coming dollar exchange enabled India to set up an import licensing pipeline during 1961, and the goods covered by these licenses started moving in volume during the second quarter, when U.S. exports of manufactures and industrial raw materials jumped to $128.4 million from $65.6 million in the first quarter. Nearly all of the increase was accounted for by machinery and vehicles, metals and manufactures, and chemicals, the 3 major categories of goods covered by U.S. development aid.

Sales stay high

Aid financed shipments for the rest of 1962 may reasonably be expected to continue at a level as high or higher than in the second quarter. Similarly, the U.S. commitment of $435 million for the second year of the plan should assure a continued high level of U.S. exports in 1963.

Additional opportunities for U.S. exports are afforded in competitive bidding under global procurement loans by the International Bank for Reconstruction and Development (World Bank) and its affiliate, the International Development Association (IDA).

In 1961 and up to September 1962 these agencies together extended a total of $298.5 million in loans for railway, highway, electric power, and port development, the coal industry, and irrigation projects.

An Indian development bank received a World Bank loan of $20 million for relending to private industries in India.

Finally, there are the imports of replacement machinery, components, spares, and industrial raw materials, expected to average over $1.5 billion yearly in the third plan, which India will pay for from its own foreign exchange earnings.

An opportunity for greater U.S. participation in these imports has been sparked by the change in India's licensing policy to favor actual users over established importers, who tend to stick to traditional sources of supply. Actual users now account for 75% of licenses issued and established importers for 25%. With a genuine sales effort, U.S. producers can cash in on this opportunity.

Fair exhibit

The U.S. exhibit at the Indian Industries Fair from November 14, 1961 to January 10, 1962 proved that interest runs high among Indian producers who are exposed to American equipment. Almost every item in the exhibit was sold and could have been sold twice over.

India's restrictive import licensing policy stands as the main obstacle to U.S. exports not covered by special financing. Because of its acute foreign exchange shortage, India rations available exchange to the most essential development and maintenance goods.

Following a decline in exchange reserves to an all time low in early June, the Government announced a 50% reduction in all quotas for established importers for the current licensing period, April 1962-March 1963. Actual user authorizations were to be cut by only about 15%.

ANCIENT METHOD: Women workers helping in Damodar Valley construction project are shown carrying rubble away on their heads. World Bank and International Development Association have extended India $298.5 million in development loans from 1961 through September 1962. (World Bank photo)

As to individual commodities, India's policy is to prohibit or reduce imports of items produced in India. The import policy for the current licensing period prohibited the import of or reduced the quotas on 65 separate items (see FOREIGN COMMERCE WEEKLY of April 9, 1962).

More actions of this type may be expected as production of new items is increased or started for the first time.

Joining Indians

As means of gaining access to this market, more and more American businessmen are getting together with Indian firms, either in joint ventures or licensing arrangements, to manufacture their products in India. The Government of India approved 68 new agreements between U.S. and Indian firms in the first half of 1962, compared with 75 in all of 1961. Forty-six of these were on a licensing basis, while 22 involved American equity investment in a widely-diversified range of Indian industries.

The book value of U.S. direct investment in India was $189 million at the end of 1961, an increase of $30 million during the year, according to Department of Commerce figures.

Prospects are bright for a further growth of U.S. investment in India, although raw materials and power shortages, inadequate transportation facilities, and administrative difficulties continue to exert a restraining influence.

Desired industries

The Government of India is actively encouraging the inflow of foreign private capital into industries which will promote economic development, and is particularly interested in American investment with its highly-advanced technology. A list of 23 industries in which the Indian Government welcomes foreign capital was published in the Foreign Commerce Weekly of August 7, 1961.

India's industrial and tax policies also contain a number of incentives to private investment, and there is no discrimination against foreign capital.

The buoyancy of India's private industry has spurred foreign investor interest. Private capital issues are well received by the Indian public, particularly where foreign participation is involved; many issues involving U.S. investment have been substantially over-subscribed. The generally favorable experience of American firms in India and the growing tendency of foreign investors to re-invest their profits have also contributed to investor confidence.

The greatest incentive to investment in India, however, is its market potential. With the help of massive aid from the U.S. and other sources, India is pursuing a program of economic development which should assure a steady growth in national income. With a population of 450 million, growing at a rate of about 9 million a year, and steadily rising incomes, India is potentially one of the greatest mass markets in the world.

Transportation items, machinery, vehicles offer opportunities to U.S. exporters

By DAVID E. WESTLEY

Near East-South Asia Division, ORE

U.S. exports to Turkey should far outstrip last year's as heavy shipments of PL-480 wheat continue to move to this Middle Eastern nation.

DAVID E. WESTLEY

Business conditions within Turkey have remained relatively listless, in spite of external assistance to bolster the economy. Consumer demand is slack and production levels low. Businessmen now appear hopeful that increased stability and Governmental actions favorable to private industry will be forthcoming to give a much-needed boost to the economy.

Apart from food grains, the best opportunities for U.S. suppliers to sell to Turkey in 1962 are in the field of developmental goods, including transportation equipment, machinery and vehicles, construction equipment, and chemicals.

Wheat inflow

U.S. exports to Turkey in the first 6 months of 1962 soared to $117.5 million, compared with $63.6 million in the same period of 1961 and $141.7 million in all of last year. The rise was largely due to increased exports of U.S. surplus wheat which rose to more than $65 million in the first half of the current year, comparable in magnitude to the value of shipments in all of 1961. Other exports also rose, including those of machinery and vehicles, $24.5 million compared with $19.5 million in the first half of 1961; chemicals and related products, $5.8 million compared with $2.7 million; and metals and manufactures, $4.1 million, up from $2.9 million in January-June 1961.

On the other side of the ledger, U.S. imports from Turkey dropped slightly from the level attained in the first half of 1961, as tobacco purchases declined by almost $3 million. Imports from Turkey into the U.S. totaled $32.8 million in January-June 1962 as against $34.3 million in the first half of 1961 and $64.9 million in all of last year. Tobacco, the largest single component, fell from $26.3 million to $23.7 million, while imports of chrome ore, chromite, and nuts rose slightly.

Total Turkish imports in the first half of 1962 were valued at $268.4 million, substantially higher than the figure of $196.7 million recorded in the same period a year earlier. The rise largely stemmed from increased imports of food grains, almost all of which were from the United States. Other leading imports from the United States, which currently supplies close to 25% of the Turkish market, included petroleum and products, rubber and rubber goods, machinery and vehicles, iron and steel, chemicals and related products, and wool. Other major import sources are West Germany, Italy, and the United Kingdom.

Fast pace

Turkish exports moved at an unexpectedly fast pace in the first 6 months of 1962 and possibly will exceed the very respectable level of $347 million reached last year. Total exports were valued at $164.8 million for the first half of the year, well ahead of the $138.9 million recorded in the same half-year period of 1961. The United States should again rank as Turkey's leading market in 1962, taking approximately 20% of all Turkish exports, well ahead of West Germany, Italy, and the United Kingdom.

The import program for the second half of 1962, which was announced on July 4, estimates imports totaling $183.3

ENGINEERS' PRIDE: Technicians survey handiwork on spillway gate of Seyhan Dam. (World Bank photo)

HOIST AWAY: Gantry cranes speed work at Istanbul port's Galata Pier. (World Bank)

million, exclusive of PL-480 wheat imports of $45 million. Of the total, $58.3 million has been set aside for the importation of goods subject to quantitative quotas, $32.8 million for industrialists and the balance for regular importers, while demands against the list of liberalized goods are estimated at about $125 million.

Both the quota and liberalized lists contain many items wholly or partially financed by $27 million in new U.S. aid supplemented by some unused balances of previously issued procurement authorizations.

While there were few changes of consequence in the commodity make-up of the new program, a number of alterations were made in the implementing regulations. These are intended on the one hand to discourage excessive numbers of import license applications and to squeeze speculators out of the import market, and on the other, to ease financial and administrative requirements on a number of import transactions.

Big push

The major U.S. Government trade promotion effort in Turkey in 1962 centered about its participation in the annual Izmir International Trade Fair which was held from August 20 to September 20. The U.S. exhibit featured food-processing and agricultural equipment, including a fig-packaging machine and a photoelectric raisin sorter. Special import allocations were arranged for Fair participants.

Details of Turkey's new 5-Year Development Plan (1963-67) are expected to be made public this fall. The Plan—which seeks to bring about a 7% annual rate of growth in the gross national product, including a 57% jump in industrial output and 33% in agricultural production over the 5-year period—should provide significant opportunities for U.S. suppliers.

To finance this program, Turkey is counting heavily upon substantial external assistance. On July 31, the Organization for Economic Cooperation and Development (OECD) created a consortium for this purpose, with the United States, Belgium, Canada, France, the United Kingdom, West Germany, Italy, the Netherlands, and Luxembourg as its initial members. The consortium, which will work closely with the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD), the OECD, and the European Common Market, will not only provide financial assistance but will also seek to obtain funds for Turkey's economic development program from other sources.

Active U.S. interest

In the face of the cautious attitude displayed by most local venture capital, interest on the part of U.S. investors remains fairly active. During the first half of the year, several U.S. companies moved forward on plans to establish production facilities within Turkey at an early date. In two instances, the U.S. Government provided direct assistance. This summer, the Agency for International Development (AID) agreed to lend the equivalent of nearly $1.2 million in U.S.-owned Turkish currency to Wyeth Laboratuvarlari A.S., Turkish subsidiary of American Home Products, for the production of pharmaceuticals and baby foods. Earlier, the same agency loaned $5.3 million in Cooley funds to a Turkish subsidiary of the U.S. Rubber Co. for construction of a tire plant. The cornerstone-laying ceremony for this plant, held in early March, was followed closely by ground-breaking for a similar plant being constructed by a Goodyear subsidiary.

Other investment news involving American interests included the first Turkish production of fluorescent light bulbs, by General Electric in its Istanbul incandescent lamp factory, announcement of plans to produce Pepsi-Cola, and a licensing arrangement by Burroughs to manufacture carbon paper and typewriter ribbon. Also, on June 7, Chrysler's plans to assemble trucks and cars and to produce automotive engines in Turkey was approved by the Turkish Foreign Investment Corporation.

In a related development, a team of 8 U.S. consultants was sent to Turkey by the Agency for International Development to make pre-investment surveys of the metal-working, chemical, and fertilizer industries. The surveys will be used as a basis for feasibility studies for specific investments by potential investors and will also be of help in Turkish industrial planning.

Added buoyancy in U.S. trade with Israel

More liberalization of imports expected in November; U.S. mission spurs interest

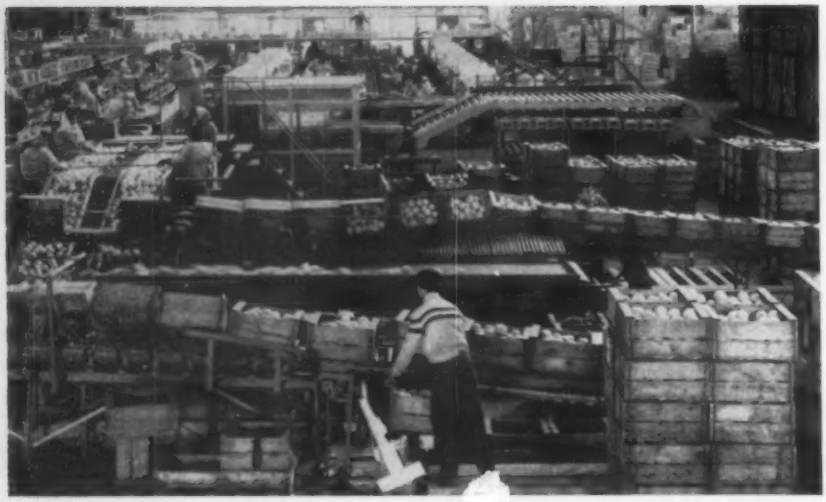
By HOWARD M. ZIMMERMAN

Near East-South Asia Division

U.S. trade with Israel, previously stimulated by the extraordinary expansion of Israel's economy, may receive added buoyancy with the prospect of import liberalization, a visit by a U.S. trade and investment mission to Israel, U.S. participation in the Near-East International Trade Fair, and an encouraging adjustment on the part of the Israeli commercial community to last February's devaluation.

The area of opportunities already available for U.S. traders and investors in chemicals, electrical equipment, industrial machinery, and automotive products is expected to expand to include recently liberalized industrial products such as household utensils, gas appliances, diamond tools, and leather goods. Additional relaxation of restrictions expected in November will include work tools and cardboard, and after February 1, 1963, cast iron and radio sets.

Total Israeli imports for January-June were valued at $302.7 million and exports $150.6 million, according to Israeli trade sources, resulting in a slightly smaller



EPITOME OF ISRAEL: The "Jaffa orange," a national symbol, is prepared for marketing (along with grapefruit, lemons, etc.) at packing house in Hadera. Output goes as high as 8,500 boxes a day.

trade deficit than last year's $156.7 million.

Imports from U.S. increase

The United States was prominent in the Israeli trade picture in the first 6 months of 1962, supplying over 33% of the country's total purchases. Imports from the United States reached $100.6 million compared with $86.0 million during January-June 1961.

Increased sales of food grains contributed to the increase in food products from $14 million in 1961 to $19 million in 1962. Sales of aircraft valued at $11.6 million and increased sales of electrical and industrial machinery contributed to the substantial rise in exports of machinery and vehicles from $24.7 million in 1961 to $44.0 million in 1962.

Mission

Development of commercial relations and interest in trade with the United States was enhanced by a visit in June of the first U.S. Trade and Investment Development Mission to Israel composed of experts in five major industrial fields of metal processing, chemicals, food processing, electronics, and building construction. The Mission swapped 231 proposals from American businessmen for 207 proposals from Israeli businessmen desiring to buy, sell, and engage in joint ventures and licensing arrangements. While there, the Mission visited the Near East International Trade Fair held in Tel Aviv where the United States participated with an agricultural exhibit featuring a display of canned goods.

Several proposals for joint ventures between U.S. and Israeli firms, developed during the June visit, prompted the Israeli Investment Authority to summarize the attitude of the Government of Israel toward U.S. investors. They indicated that while investment proposals are handled on an individual basis, various tax benefits and other Government assistance will depend on the degree to which each project meets certain requirements. These include replacement of imports at a competitive price and standard, bringing new technological know-how to Israeli industry, opening up new marketing and export possibilities, or increasing the potential of Israel's development areas.

Economic adjustments

Although adjustment of the Israeli economy to the impact of devaluation in February produced some economic uncertainties, Israel's commercial community adjusted cautiously to the new conditions following devaluation and abolition of export premiums. Exports for the last 6 months were about 10% more than those of a year ago and while some difficulties were encountered in selling to some members of the Common Market, exports to the United States increased about 20%.

U.S. trade figures indicated that U.S. purchases from Israel rose from $16.6 million in the first half of 1961 to $19.7 million in the first 6 months of 1962. This increase was a reflection of larger purchases of nonmetallic minerals, mainly diamonds—$14.3 million compared with $12.8 million in 1961. An upward trend was also evident in purchases of textile manufactures, particularly raincoats and cotton yarn, from $1.6 million in 1961 to $2.9 million in 1962.

Little change seen in prospect for U.S.-Iran trade

Import curbs still in force; new Center serves investors

By DAVID E. WESTLEY
Near East-South Asia Division, ORE

The market for United States and other foreign goods in Iran in the latter part of 1962 and on into 1963 will continue on the austerity-tinged basis of last year, when Iran's deflationary economic stabilization program was put in motion. At that time, U.S. exports to Iran fell to $91.9 million from the high of $117.4 million of the year before.

With no significant liberalization of currently severe import restrictions in view, it seems likely that the level of U.S. sales to Iran will stay close to last year's total.

U.S. exports to Iran in the first 6 months of 1962 amounted to $51.3 million, slightly lower than the $55.6 million recorded in the same period in 1961.

Among the items which showed declines were industrial machinery, automotive vehicles and parts, tires, and wheat, while shipments of such semiluxury items as refrigerators, freezers, airconditioners, and television sets slowed to a trickle.

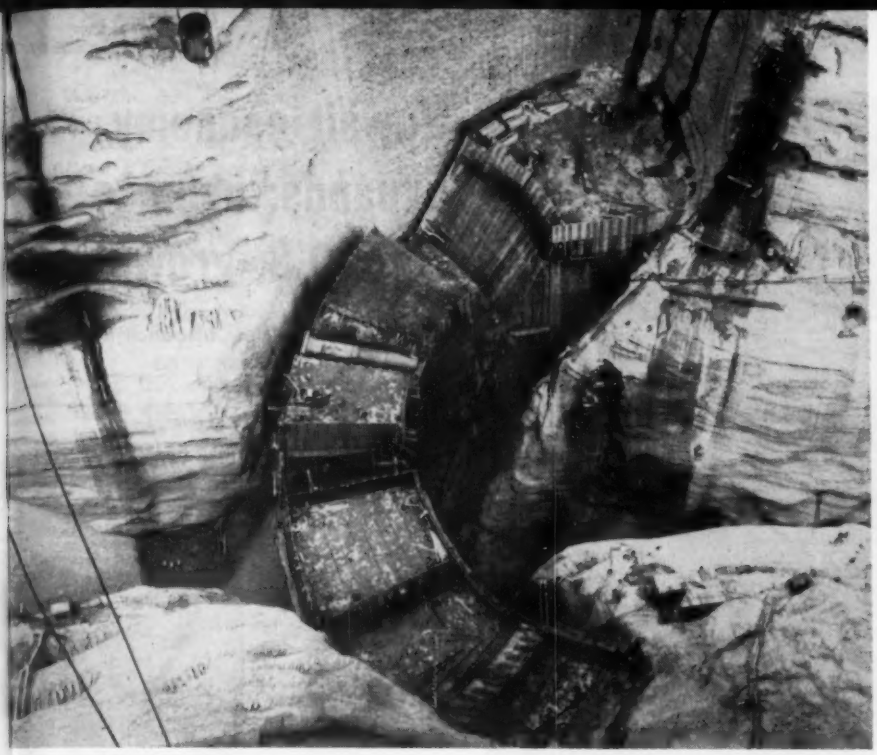
Paper, farm machinery

Exports of paper products rose. The best bet for future sales could well be agricultural machinery because of the emphasis on agricultural development in Iran's new economic plan scheduled to start late this year.

U.S. imports from Iran in January-June 1962 were valued at $31.1 million compared with $29.6 million in the first half of last year, when annual imports amounted to $61 million. Although imports of petroleum—as usual accounting for well over half of U.S. imports from Iran—slipped from $19.1 million to $18.3, this was more than compensated for by increased imports of fruits and nuts, cashmere wool, and Persian rugs.

Regulations

The import and foreign exchange regulations for the Iranian year beginning March 21 were announced at the end of



DEZ RIVER DAM: Lilliputian men and machines atop dam give idea of project's enormity. (World Bank)

March and proved disappointing to many who had anticipated a more liberal policy. The new regulations not only maintained but reinforced existing restrictions.

The Government's overall commercial policy for the next 5 years also was set forth. Among other things, it was indicated that restrictions on non-essential goods are to be maintained on a temporary basis, that efforts will be made to import semi-fabricated items which can be completed in Iran, and that increased commercial profits taxes will be utilized to protect local industries.

While the regulations for the current year removed some commodities from the prohibited list, still other items were added and substantial increases in commercial profits taxes were imposed on a wide basis. Any relaxation in the list of restricted imports was countered by a Central Bank requirement that goods no longer prohibited may be imported only on a letter-of-credit basis with a 100% deposit. Most other items also need letters of credit with deposits of 20, 40 or 70%.

A short list of priority items can be imported on a draft basis, including agricultural machinery, tractors, drugs, newsprint, books and magazines, and component parts for certain equipment for Iranian factories.

Auto assembly

In May, a Foreign Investment Center was established under the aegis of the Central Bank of Iran to ease the problems of existing and potential foreign investors. Meanwhile, foreign investment interest in Iran continued at a fairly low level, although, for one, a number of applications were made for establishment of passenger-car assembly plants. In this connection, the Ministry of Industries and Mines stated that all applications for manufacturing-assembly licenses henceforth will be appraised in the light of economic benefits to Iran, including the local content of the end product, the foreign exchange savings involved versus the loss in import duty, and local labor requirements.

Both Iranian and foreign businesmen have been looking forward to the announced establishment of an Intergovernmental Industry Committee to provide investment guidelines, set investment criteria and be empowered to make official commitments on inducements to investors in industries proposed for expansion or establishment under the Third 5-Year Plan (September 1962-March 1968).

Industrial, mining projects

Implementation of the Plan should stimulate investment interest as well as result in increased imports of developmental goods of all types. A tentative investment target of 65 billion rials (about $866,666,667) has been set for industrial or mining projects under the Plan, 31 billion (about $413,333,333) of which is for private sector financing.

Major new industries include, steel, paper, wallboard, synthetic fibers, and petrochemicals, while the cotton and woolen, food-processing and canning, sugar, cement, and glass industries are slated for expansion. Principal public sector projects are in the fields of tobacco, tea, fisheries, and fertilizers.

Overall prospects for U.S. exports to Lebanon mixed

Industrial growth, public projects help offset effect of area tensions

By ALBERT N. ABDO
Near East-South Asia Division, ORE

The midyear outlook for U.S. exports to Lebanon is mixed.

Lebanon's prosperity is sensitive to developments in neighboring countries and some observers feel that tensions in the area may have tended to slow commercial activity and thus affect imports. A reduction in the number of Arab summer visitors, a tightening of installment buying, competition of other Arab ports with Beirut, and a leveling off of the inflow of Arab oil money much of which finances residential construction activity are cited.

ALBERT N. ABDO

On the other hand, the Lebanese economy is considered a resilient one. Among factors providing buoyancy are continued industrial growth and initiation of public projects. Public works expenditures in the January-June 1962 period tripled the 1957-61 yearly average.

Among public works schemes approved in recent months is the first phase of a project to expand Beirut port facilities by adding a third basin; the $11 million contract was awarded to a Greek firm. Also, the Government has approved a $7.3 million project for construction of Government City, a cluster of buildings to replace scattered rented premises which house various ministries.

U.S. exports to Lebanon at midyear

PORT OF BEIRUT: An $11 million contract for addition of a third basin has been won by a Greek firm.

1962 were about $3 million less than the $26.5 million shipped in the first half of 1961. Although the decrease was a general one affecting most commodity groups, half was concentrated in the area of metal manufactures, machinery, household appliances, and motor vehicles which are important components of U.S. trade with Lebanon.

U.S. leading supplier

Despite the drop, the United States is currently Lebanon's leading supplier followed closely by the United Kingdom, Federal Republic of Germany, France, and Italy. Prospects are that 1962 U.S. exports to Lebanon will reach the $45 million range attained in 1960 and 1961, but an expansion of this figure will depend on reasonable area tranquility plus American ability to meet European competition in price, credit terms, and freight.

A factor favorable to U.S. exporters is the preference of many consumers for U.S. goods; however, this is partly offset by the aggressive sales campaigns and traditional ties which European suppliers have with many Lebanese merchants.

The growing number of industrial plants presages export opportunities for U.S. manufacturers of machinery. The second Lebanese steel mill recently began operations. Also, a ready-mix concrete factory, the first in Lebanon, has been built. Comprising an investment of $1 million, the factory utilizes American and German equipment.

Plans for several new fruit juice and canning plants are progressing. One completed last February at a cost of $330,000 utilizes Italian equipment. Another, to be completed by January 1963 at a cost of $600,000, will use U.S. equipment and will can fruit juices and tomatoes for domestic sales and export to Arab countries.

Lebanon's first detergent plant began production in June. Among other factories under construction are a white-cement plant, a pharmaceutical and insecticide plant, and Lebanon's first hydraulic lime plant.

U.S. exports to Lebanon generally have been, and are expected to continue, mostly in the consumer goods category, for example, refrigerators, foodstuffs, air-conditioners, automobiles and parts, and pharmaceuticals. The growing desire of many Near Eastern entrepreneurs to plan industrial undertakings, however, is a factor to consider.

U.K. CITRUS QUOTAS

The Oct. 1, 1962-Sept. 30, 1963 dollar-area quota for canned grapefruit imported into the United Kingdom will remain at £450,000 ($1,260,000) cost, insurance and freight—the same as the previous year's quota.

For grapefruit juice and orange juice, licenses will again be granted for a total of £300,000 ($840,000) c.i.f.

Kuwait economy expands; imports from U.S. grow

Sales opportunities abound in prosperous oil-rich area

By RICHARD KENNEDY
Near East-South Asia Division, ORE

Oil-rich Kuwait continues buying at record levels from the U.S. as our exports there reached $29 million in the first half of 1962, an increase of $3.3 million over 1961's record figures.

RICHARD KENNEDY

The force of her massive oil income is more and more reflected in increased imports, renewed interest in construction, and the implementation of Government plans to develop basic facilities. U.S. oil imports from Kuwait, $46 million for Jan.-June 1962, account for a significant part of that income although they are down $13 million from 1961.

American exporters are finding the Kuwait market increasingly attractive as her expanding economy and developing position as an entrepôt for the Persian Gulf create increased demand for foodstuffs and fabricated goods, all of which must be imported.

The U.S. now supplies about 20% of the Kuwait market and is vigorously challenging the front-running position of the United Kingdom. Substantial inroads into the market have also been made by West Germany and Japan.

U.S. exports varied

The bulk of our exports consists of foodstuffs, motor vehicles and parts, machinery and metal products. Appreciable gains in the first half of 1962 were made in sales of milled rice, trucks and automobiles, electrical machinery and apparatus, electronic equipment and parts, and oil-industry machinery.

The sale of television sets was hard hit by the switch-over to the European CCIR transmitting system, which will require modification of American sets before this lucrative market can be regained.

Reduced sales of fabricated steel prod-

ucts and iron and steel pipes and tubing apparently reflects the slowdown in construction activity which began in mid-1961 and which only now is beginning to be reversed.

Especially inviting opportunities for increased sales exist in quality food products—particularly frozen and canned meats, juices, and vegetables—and tobacco products. Success here has come through emphasis on price competition rather than packaging or branding. The spread of economic well-being to more and more classes of society should also increase the demand for pharmaceutical products.

American automobiles continue to be highly favored but are beginning to be pressed by European economy-car competition. Also in demand are quality consumer items such as air conditioners and refrigerators. The market for low-priced household appliances is also developing.

New plants considered

Kuwaiti diversification plans presage increased light industrial and electrical machinery sales. Private interests and the Government are known to be considering the establishment of battery, retreading, glass, milk, soap, and refuse fertilizer factories.

Suitable "turnkey" operations would merit serious attention by Kuwaiti Government and private interests. Concomitant construction requirements for these and Government-construction programs, all carried out through local contractors, should maintain demand for construction materials at high, though perhaps fluctuating, levels.

Floating upon one-fourth of the free world's known oil reserves, Kuwait requirements for oil-production equipment should continue to provide exporters with opportunities for a long time.

Kuwait importers give their most enthusiastic reception to foreign sellers who pay special attention to maintaining personal contacts, establishing flexible credit, and reducing shipping costs and delays. European and Japanese firms offer keen competition in this respect. American businesses which have kept these factors in mind and have explored the possibilities for advertising and technical support have been well able to withstand increased foreign competition.

The U.S. Embassy in Kuwait is ready to assist American businessmen through acting in close cooperation with the influential Kuwait Chamber of Commerce, which welcomes catalogues and samples from prospective sellers. A more detailed discussion of doing business in Kuwait is contained in INTERNATIONAL COMMERCE for June 18.

Construction remains the keystone of the domestic economy but the Government is actively encouraging diversification, in part through share-holding companies, to provide an outlet for the vast amount of surplus private and public capital on hand in Kuwait. An important step in this direction is a survey of potential and existing operations by the Ministry of Finance and Economy's Economic and Industrial Committee.

Recent agreements or negotiations with foreign firms may eventually provide for establishment of a petrochemical plant, an aluminum plant, and the light processing of iron and steel.

Increased Kuwaiti investment consciousness is indicated by the recent creation of an investment company which was greatly oversubscribed. Under consideration, beyond the industrial enterprises already mentioned, are a new bank, insurance company, bus company, national airlines, and a fishing company.

Kuwait joins international financing agencies

Kuwait recently became a member of the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (World Bank), the International Finance Corporation (IFC) and the International Development Association (IDA).

Kuwait's quota in the International Monetary Fund is $50 million; its subscription to the capital stock of the International Bank is 667 shares with a total par value of $66.7 million; its subscription to the International Finance Corporation is $369,000; and its subscription to the International Development Association is $3.36 million.

Kuwait's admission brought the total quota of the Fund's 82 members to $15,178.7 million. Bank subscriptions from its 81 members now total $20,663.1 millions while IDA's 67 member nations have subscribed over $942.5 million and IFC's 71 members' subscriptions total almost $98 million.

UAR trade pattern shows increase with several Western countries

Early 1962 trend indicates decline with Soviet bloc; U.S. exports spurt; prospects dependent on financing

By ALBERT N. ABDO

Near East-South Asia Divisions, ORE

Increased commerce with several Western countries and reduced imports from Soviet bloc countries appeared in the trade pattern of the United Arab Republic (Egypt) in early 1962. Although exact figures are not available, indications are that this trend continued in June and July, with the United Kingdom in particular showing a substantial increase in commercial exchanges with the UAR.

As part of this trend, U.S. exports to the UAR in the first half of 1962 expanded to $146.3 million—compared with full year 1961's $161.8 million. This increase is attributed to substantial boosts in shipments of P.L. 480 commodities, primarily wheat, flour, and tobacco. Also, U.S. exports were helped by shipments of insecticides as the Ministry of Agriculture laid in supplies to guard against a repetition of 1961's diastrous cotton crop infestation which cost the UAR an estimated $150 million in foreign exchange earnings.

UAR foreign exchange reserves have hovered at critically low levels in the past year, as a result of 1961 crop failures. Prospects for expansion of U.S. exports to the UAR will continue to be limited by the essentiality of the product and the amount of import financing available from U.S. public and private sources.

Stable prices

The internal economy shows a stable price level, an increasing rate of industrial production, and steady progress in development plans, although not at as rapid a pace as UAR officials had hoped. Tight Government control over the economy continues while discernible progress is being made in ameliorating many of the initial dislocations which accompanied the sweeping nationalization measures of July 1961.

In line with attempts to strengthen its balance-of-payments position, the UAR has undertaken a stabilization program

under an arrangement with the International Monetary Fund (IMF). The program includes establishment of a new exchange rate for the Egyptian pound and abolishment of multiple rate practices in exchange operations. (The pound was revalued on May 7 from $2.87 to $2.30.)

To assist and support the UAR in carrying out these policies, IMF has agreed to extend to the UAR a standby credit of $42.5 million and to prolong to 3 years the terms of repayment of $29.9 million in drawings due this year.

The United States under the IMF stabilization program has offered Egypt a loan of $20 million for procurement of U.S. commodities and promised on a conditional basis to match dollar for dollar, up to $10 million, contributions in excess of $20 million which the UAR may obtain from other Western nations.

Two AID loan agreements—for U.S. goods and services—were signed in April. A total of $17 million is to be used to help Egypt construct a grain storage and distribution system; $3 million, for expansion of cellophane production.

Under a new National Charter adopted June 30, 1962, private foreign investment is to be limited to indispensable operations requiring international experience and technical know-how. Also, all import trade and three-fourths of export trade must be handled by the public sector—a situation essentially in effect now.

Regulations announced in July 1961 which nationalized the entire importing industry recently have been defined more completely. Fifteen Government companies now are permitted to import for the general market with all importable commodities divided among them. Generally, responsibility for importing from each Soviet bloc country has been given one of the 15 Government companies.

Many manufacturers and exporters are finding that nationalization of the importing and commercial representation sectors affected their business less severely than expected. As much of the importation is for the account of either the UAR Government or factories, both of which are allowed to import without the use of one of the 15 importing companies, many suppliers are dealing directly. Others continue to work with their former private sector agents, who now are allowed to work as sub-agents or distributors for Government importing firms. In some instances, former commercial representatives are acting as technical or business consultants, on a retainer or salary. Their representation on a commission basis is not permitted.

Tourism stressed

The UAR is attacking its balance-of-payments problem on another front—tourism. Agreements have been signed with promotional firms in Germany, the United Kingdom, and the United States in efforts to draw increased numbers of tourists. Several hotel projects are planned by the German Inter-Hoga Co. in partnership with the UAR Public Organization for Tourism and Hotels.

The Customs Administration has adjusted its somewhat stringent inspection procedures which had been a source of irritation to many arriving tourists. Improved procedures have been inaugurated which save a considerable amount of time. The most recent relaxation of customs regulations permits a tourist to bring in gifts to UAR residents duty free.

The governmental budget for 1962/63 indicates a continued expansion of the Egyptian industrialization program. Expenditures of industrial organizations and their attached companies in 1962/63 are estimated at £E735 million, about 31% of the total budget. There are 12 industrial organizations or authorities to which 148 companies are attached. Thirty-seven of the companies are wholly owned by the Government and the others are partly privately owned.

New projects for which funds are allocated in the industrial budget include, among others, a sintering plant for the Helwan steel mill, a coking plant and lubricants plant at Suez, a black sands reduction plant at Damietta, a railway line for transportation of iron ore from Bahariya Oasis to the Nile Valley, a sugar refinery at Kena, a powerplant at Suez, and a drydock and shipyard at Alexandria.

The first models of the Nasr-1100 auto were distributed during the July revolution celebrations. They are the first under an agreement between Fiat of Italy and the UAR for assembly of 10,000 annually from Fiat-1100 models.

A licensing agreement has been signed with Westinghouse Electric International for production of a wide range of electrical equipment. Also, production has begun at a new pharmaceutical factory erected by Pfizer Egypt, S.A.A. in the Cairo suburb of Heliopolis. Majority ownership is held by Pfizer in partnership with the UAR.

IRAN'S DEPOSIT RULES

Iran's Monetary and Credit Control Council has announced eased requirements for deposits with the Central Bank, effective September 11, according to the U.S. Embassy in Teheran.

The required statutory minimum deposit rate was cut from 15 to 7½% on savings deposits and from 15 to 12% on sight deposits. Minimum requirements for time deposits remained unchanged at 5%.

Foreign Contract Awards

Described below are recent contract awards for construction work and supply of equipment, materials and services. Although most of the work will be performed by the contracting parties, additional firms may be called upon to furnish assistance or services.

Supplemental information may be obtained on items designated by a star (★) from the Trade Opportunities Staff, Business and Defense Services Administration, U.S. Department of Commerce, Washington 25, D.C.

MOZAMBIQUE—Contract for construction of **Beira Railway Station** awarded to ETICOL—Empresa de Transportes Industria e Construcoes, Lda., P.O. Box 413, Beira, Mozambique. Total bid cost is $1.5 million. Station to be multi-story, reinforced-concrete building, and be completed in about 2½ years.

PAKISTAN—Local firm, Mir Aslam Khan Hastam Khan, to construct Mailsi-Bahawal portion of the **Sidhnai-Mailsi-Bahawal Canal,** part of Indus Basin Settlement Plan. Successful bid of 29.7 million rupees ($6.24 million) was lowest of eight. Construction will involve excavating some 65 million cubic feet of earth, building 6 bridges and 1 waterflow regulator, and lining entire length with bricks. About 5.8 million square feet of lining to be required.

SPAIN—Contract amounting to 22.7 million pesetas ($378,333) awarded to Construcciones Pernas, S.A., Gran Via 326, Vigo, Spain, for construction of 78 **dwellings** and complete **farm facilities** in agricultural project Tierra Llana, Province of Lugo, Spain. Award made by Instituto Nacional de Colonization, Madrid, Spain.

U.S.-African trade climbing as new nations emphasize industrial development needs

Largest relative sales gains made in Middle Africa; machinery sales lead; food shipments pad totals; U.S. imports from Africa also accelerating sharply

By ARNOLD A. WILKEN, JR.
Africa Division, ORE

Exports from the U.S. to Africa during the first 6 months of 1962, according to official U.S. statistics, were valued at $363.3 million—an increase of 16.7% over the comparable period of 1961.

ARNOLD A. WILKEN, JR.

This growth rate represents the most significant expansion of U.S. sales to Africa in the past several years, and is more than twice as great as that experienced between 1960 and 1961. During the same period, U.S. purchases from African countries also increased, totaling $376 million.

While much of the increment in exports to Africa consisted of grain shipments (mainly under PL 480 programs) caused by wide-spread crop failures in Northern Africa, a significant portion of the increase was directly attributable to stepped-up development activities by many newly-independent African states and a general rise in the level of economic activity.

Significantly, largest relative sales gains were made in Middle Africa, an area where the U.S. business community has only recently begun to devote more intensive promotional activities, and where American private businessmen have shown definitely increased interest in industrial investment during the past year.

All indications are that the accelerated development rate of the African economy will be sustained in the foreseeable future and that trade and investment opportunities for U.S. businessmen will continue to open up at an increasing pace.

Machinery of various types still comprised the most important category of U.S. exports to Africa in the first half of 1962. Sales of machinery during the period totaled $98.9 million compared with $92.1 million for the first part of 1961, an increase reflecting a general upturn in public and private investment expenditures over most of Africa.

Major products

Greatest percentage gains were made in exports of iron and steel and metal manufactures. These sales amounted to $16.9 million as against $10 million during the first 6 months last year.

Food products other than fats and oils continued to rank second in importance among our exports to Africa, as sales rose to $87.7 million from $53.9 million during the same period of 1961. A large part of these exports, however, consisted of shipments under U.S. Food for Peace programs.

Other major exports to Africa were finished and semi-finished textile manufactures ($28.9 million); automobiles, parts and accessories ($26.7 million); chemicals and related products ($22.2 million); and petroleum products ($10.6 million).

Shifting markets

As indicated earlier, growth of U.S. exports to Africa has proceeded at an increasing rate recently; the 16.7% expansion in this trade between the first 6 months of 1961 and 1962 more than doubled the 8.2% rate from 1960 to 1961 and totally eclipsed average annual rate of only 1.79% from 1956 through 1960.

On a regional basis, however, U.S. sales gains during the period under review were not evenly distributed. Although Southern Africa still accounted for the largest part of U.S. exports to the continent, the value of exports to this region declined slightly from the first half of 1961.

Exports to Middle Africa, in contrast, increased sharply, and a substantial rise was shown in sales to North Africa and the Horn.

The differential growth in exports to regional Africa markets is consistent with patterns of change taking place in recent years. Exports to many of the newly-independent countries in northern and tropical Africa, on the one hand, have risen sharply as the pace of economic activity has quickened and several of these states have taken deliberate steps to broaden the geographical base of their foreign trade.

Sales to many of the established and traditionally more important African markets on the other hand, have leveled off, and in some cases declined.

As a result, U.S. sales to each of the 3 regions during the first part of this year were roughly equal. This represents a significant change from the situation as recently as 1959, when nearly half of total U.S. exports to the continent were to Southern Africa, with Middle and North Africa accounting for about one quarter each.

Various factors were involved in the changing pattern of U.S. exports to Africa during the period under review.

Trade developments

A major part of the sharp rise in exports to North Africa was accounted for by increased shipments of grains and other foodstuffs, largely under U.S. Food for Peace programs as a consequence of prolonged drought conditions and poor harvests throughout the area.

Sales to Sudan and countries in the Horn of Africa rose in connection with a general acceleration of economic development, again supplemented in large part by U.S. assistance programs.

The expansion of exports to French-speaking West Africa, Ghana, Nigeria, Liberia, and former British East Africa was distributed over most commodity groups, but particularly large increases were evident in sales of iron and steel, metal manufactures, and machinery. Increased sales in this area reflected a general increase in the pace of economic development over Middle Africa as a whole, bolstered once again by U.S. and other foreign aid programs; a rise in the level of private investment activity; and, a most essential element a noticeable increase in the U.S. business community's interest in commercial and financial op-

U.S. TRADE WITH AFRICA, BY COUNTRY
(In thousands of dollars)

Area and Country	Exports, including Reexports [1] 12 mo. 1961	Exports, including Reexports [1] 6 mo. 1961	Exports, including Reexports [1] 6 mo. 1962	General Imports 12 mo. 1961	General Imports 6 mo. 1961	General Imports 6 mo. 1962
Total Africa	826,819	384,836	509,595	669,443	351,479	393,483
Percent of U.S. total	4.3	4.0	5.1	4.5	5.0	4.7
United Arab Republic (Egypt Region)	161,874	73.566	146,339	34,229	17,807	17,436
Total Africa, excluding United Arab Republic	664,945	311,270	363,256	635,214	333,672	376,047
North Africa and the Horn, total	218,855	87,860	114,618	50,309	32,701	34,956
Morocco	65,989	26,286	34,528	11,347	5,994	7,220
Algeria	42,116	18,042	19,994	259	137	2,889
Tunisia	39,512	15,168	21,228	683	382	512
Libya	30,308	14,123	18,928	457	217	167
Sudan	11,601	3,413	6,194	5,099	2,244	1,600
Somali Republic	1,063	512	2,362	436	158	366
French Somaliland	794	244	423	248	211	428
Ethiopia	10,892	3,070	5,231	31,406	23,050	21,000
Canary Islands	11,878	5,705	4,721	174	108	764
Spanish Africa, n.e.c.	4,702	1,297	1,009	200	200	10
Middle Africa, total	184,158	84,399	120,802	329,007	179,243	186,647
Cameroon, Federal Republic of [2]	4,119	2,116	2,521	6,196	5,040	5,724
Western Equatorial Africa, n.e.c., (former French Equatorial Africa)	7,626	3,322	2,690	1,713	789	3,389
Western Africa, n.e.c., (former French West Africa and Republic of Togo)	19,917	11,040	17,659	35,872	22,107	28,480
Ghana	21,163	9,802	12,720	74,749	47,984	41,796
Nigeria [3]	26,779	11,937	17,213	49,073	28,211	29,096
British West Africa and Sierra Leone	3,027	1,412	1,370	4,547	3,844	8,818
Madeira Islands	879	209	407	2,214	873	1,151
Liberia	49,634	22,665	26,778	31,847	14,826	15,345
Seychelles and dependencies	38	19	4	90	42	42
Mauritius and dependencies	735	363	728	846	17	586
East Africa (Kenya, Uganda, Tanganyika, and Zanzibar)	18,872	6,571	9,947	52,430	30,511	25,575
Republic of the Congo (former Belgian Congo), Rwanda, and Burundi	29,475	14,017	27,748	55,932	17,869	17,988
Malagasy Republic	1,894	926	1,017	13,498	7,130	8,657
Southern Africa, total	261,932	139,011	127,836	255,899	121,737	154,444
Angola	9,773	4,316	5,006	28,037	13,756	15,832
Mozambique	9,995	4,773	3,550	5,373	2,547	3,212
Western Portuguese Africa, n.e.c.	432	175	147	2,964	1,510	463
Rhodesia and Nyasaland, Federation of	13,649	6,719	6,524	10,279	5,561	5,011
Republic of South Africa [4]	228,083	123,028	112,609	209,246	98,363	129,926

1. Data exclude "special category" exports, and percentages are based on U.S. totals, excluding "special category."
2. Data for 1961 refer to former Republic of Cameroon; figures for 1962 include former British Southern Cameroons.
3. Data for 1962 include former Northern British Cameroons.
4. South-West Africa and British High Commission Territories of Bechuanaland, Basutoland, Swaziland are included.

n.e.c. Not elsewhere classified.

portunities in the industrializing Middle African states.

Expansion of U.S. exports to French-speaking Equatorial Africa and Cameroon was precluded by strictly enforced import licensing and control systems which favor imports from the franc zone and countries with which the Equatorial states have concluded bilateral trade agreements.

This situation is not likely to improve in the immediate future, inasmuch as a Common External Tariff has recently been established by the Equatorial African Customs Union which provides a significant degree of tariff preference to most imports from France and the Common Market nations.

The situation in Southern Africa during the first half of 1962, as shown in the accompanying table, was reflected in reduced U.S. exports to all countries except Angola.

The fall in sales to the Republic of South Africa was due almost entirely to reduced governmental expenditures for railway transportation equipment and aircraft.

In Mozambique, strict import controls were instituted to combat a severe balance of payments disequilibrium, and in the Federation of Rhodesia and Nyasaland, internal economic changes were taking place which resulted in some shifting of effective purchasing power from the European community to the African population.

Imports also up

U.S. imports from Africa have also grown at an accelerating rate recently. As indicated above, our purchases of African products totaled $376 million in the first half of 1962, an increase of 12.7% over first-half 1961. This rate of growth contrasts with a rise of 8.9% from 1960 to 1961 and an average annual *decrease* of 3% from 1956 through 1960.

Regionally, imports from Southern Africa increased by 26.9%, those from North Africa and the Horn by 6.9%, and those from Middle Africa by 4.1% compared with purchases during early 1961.

While no sharp changes occurred in the overall composition of U.S. imports from Africa compared with previous years, ferro-alloys, ores and metals (valued at $76.5 million) replaced coffee ($69.5 million) as the most important commodity in this trade.

The increased importance of ferro-alloys among U.S. imports was accounted for primarily by uranium purchases from the Republic of South Africa which amounted to $49.9 million, as against $43.4 million during the comparable period last year.

Imports of African coffee fell slightly from the $71.7 million figure registered during the first half of 1961, and purchases of cocoa and cocoa beans declined from $78.2 million to $65.8 million.

Impact differs

The impact of a reduced U.S. market for these 2 important commodities was

felt quite differently in the major African producing areas. While coffee purchases from former British East Africa and Ethiopia fell considerably between the two 6-month periods, U.S. imports from both Angola and former French West Africa rose. Similarily, imports of cocoa from Ghana and Nigeria over the 2 periods decreased, whereas purchases from French-speaking West Africa remained almost unchanged.

Imports of precious and semi-precious stones showed the greatest percentage rise among products purchased from Africa, increasing in value from $10.6 million in the first 6 months of 1961 to $35.3 million this year. About $10.6 million of this increase was accounted for by imports from the Republic of South Africa, and significantly increased purchases were made from British West Africa, Sierra Leone, Congo (Leopoldville), Ghana, and French-speaking West Africa.

Outlook encouraging

Although political tension has depressed economic conditions in some important African markets, and significant internal political and economic adjustments are taking place in many areas, industrialization is still progressing at an encouraging pace over most of the continent.

As noted earlier, many African states are taking positive steps to diversify their trade patterns and, more specifically, to expand commercial and financial relations with the U.S.

The investment climate over most of Africa has become increasingly favorable; governments of several African states have signed AID investment guarantee agreements with the U.S., and few countries on the continent do not have investment laws specifically designed to encourage foreign private investment.

For the American businessman, all of this indicates expanded trade and investment opportunities in Africa.

GHANA BUYS U.S. RICE

Rice imports into Ghana in January-April 1962 of 26,860 metric tons increased 47% over the same period of 1961. About 96% of the imports were from the U.S.

ETHIOPIAN CIGARETTES

Cigarette output in Ethiopia, including Eritrea, continued upward through 1961. Production amounted to 370 million pieces, compared with 357 million in 1960, and the 1955-59 annual average of 280 million.

TIED TO U.S. AID

Expanded exports to Tunisia seen

Projects under 3-year plan require U.S. capital goods

By JAMES F. SEELEY
Africa Division, ORE

The commitment of $180 million in U.S. assistance for Tunisia's 3-year Development plan promises substantially to increase U.S. exports to Tunisia. Specific development projects outlined under the plan and financed by Agency for International Development funds will require substantial amounts of capital goods and equipment which must be purchased in the United States.

JAMES F. SEELEY

About 85% of present U.S. exports to Tunisia are either brought in under the U.S. AID program or PL 480. U.S. trade figures show that U.S. exports to Tunisia during the first semester of 1962 were $21 million as compared to $15 million for the same period in 1961. The most important part of these exports was PL 480 grain, needed in Tunisia as the effects of the 1961 drought have not yet worn off. The substantially improved 1962 crop should, however, cut down Tunisia's reliance upon these shipments.

Principal U.S. commercial exports (excluding grain) are used clothing; tractors; motors, engines and parts; paper sacks; motor vehicles; and paper making machinery. Present Tunisian commercial policy discourages import, from any source, of consumer goods and luxury items not essential to the development plan. The United States continued to be Tunisia's second source of supply in the first 6 months. As a buyer of Tunisian exports, the United States remained relatively unimportant during this same period, importing only $512,000 worth, a slight increase over $382,000 in 1961. France retained its position as Tunisia's principal trading partner.

Export opportunities

Export opportunities are reported to exist in supply of equipment for spraying, dredging, public works (for example, earthmovers, bulldozers, road graders); in pharmaceuticals; and in plant equipment for textile, printing, and paper industries. Other opportunities will develop as projects move out of the planning stages. Bids on these projects will be let by the Tunisian Ministry of the Plan and Finance. Bids on many items will be open to worldwide competition. U.S. bidders' chances for capturing these new markets may be enhanced if they submit bids in French or Arabic.

Opportunities also exist in Tunisia's favorable investment climate. Private in-

RAILROAD IN MAURITANIA: Workmen help to lay track for a mining company line. (World Bank Photo)

vestment capital is sought for such projects as a cement plant; a super-phosphate factory; phosphate calcination factory; a cellulose plant; a nitrate fertilizer plant; and truck, bus, and farm machinery assembly plants. An Investment Guarantee Agreement between the United States and Tunisia plus incentives offered by the Tunisian Government make new investments attractive.

Franco-Tunisian relations have improved markedly in recent months. France has reportedly indicated that she will help finance Tunisia's 3-year plan, perhaps on the order of $35 to $40 million. Tunisia in return will guarantee certain rights to French citizens resident in Tunisia. Italy and Kuwait have offered Tunisia loans and technical assistance. In addition, 65 U.S. Peace Corps volunteers arrived in August to assist Tunisia as teachers, architects, and mechanics. This assistance will go a long way toward helping Tunisia realize her goals under the development plan.

Tunisia's 1962-63 olive oil crop yield will amount to only 60,000 tons, a low figure for an "on" year. The crop in 1960 was 125,000 tons. Faced with this unfortunate prospect—olive oil is one of Tunisia's principal exports—the Tunisian Government has asked that the United States provide 20,000 tons of edible vegetable oils under PL 480 Title I during the coming year. These oils would be mixed with olive oils for domestic consumption.

DIESEL POWER FOR SOUTH AFRICA: A World Bank loan of $11 million provided part of the foreign exchange needed for a development program being carried out by the South African Railways and Harbours Administration. Engine shown is operating at Walvis Bay, port serving South West Africa.

S. African gains open way for U.S. export sales

Strict import controls will probably be eased; government encouraging certain investments

By ROBERT S. PECKHAM

Africa Division, ORE

Despite some weak spots, important sectors of the South African economy are registering steady gains and the upswing in economic activity is expected to become even more pronounced. Should this trend continue, the Government will probably introduce a number of measures relaxing the present system of tight import controls and opportunities for shipments of U.S. goods should expand.

Census Bureau figures show that U.S. exports to the Republic during January-June 1962 amounted to $112.5 million, a drop of $10.3 million from the same period of 1961. However, this decline is entirely accounted for by reduced Government purchases of aircraft and railroad transportation equipment. American exports of almost all other major commodities are equal to or higher than those of the first 6 months of 1961.

The strict import controls in effect throughout 1962 were not imposed until May 1961. The U.S. share of South Africa's import market, however, has decreased compared with January-June 1961, but this country remained the second largest supplier.

U.S. imports for consumption from South Africa, according to U.S. Census Bureau data, increased to $126.8 million during the first half of this year, compared with $100.8 million during the first 6 months of 1961.

The result is a deficit of $14.2 million in the U.S. trade balance with South Africa during this period compared with a surplus of $22.1 million for the same period in 1961. Significant increases in U.S. imports of uranium oxide, unmanufactured wool, diamonds, and steel mill products occurred while decreases took place in imports of ferro-alloys and copper.

It is anticipated that this trade imbalance will be considerably reduced in the near future.

U.S. business interest in South Africa has increased considerably during 1962. Some U.S. producers of automobile components are establishing manufacturing facilities in the Republic to take advantage of growing markets and Governmental policy which encourages local automobile parts manufacturers. Indications are that several other local industries will soon receive Government encouragement.

The $630 million Orange River Project was announced during the period and several U.S. consulting engineering concerns submitted proposals for engineering services.

Although economic activity in South Africa during the first half of 1962 represented an improvement over 1961, it

failed to measure up to the hopes and predictions of those expecting a more significant upturn.

Economic indicators reflect the basic soundness of the nation's economy, but some sluggishness still persists, especially in the private sector. To a large extent this is a result of a "wait and see" attitude, with many business circles expecting Government stimulation of the economy.

Gold and foreign exchange reserves continue to increase, reaching $558.1 million (1 South African Rand = $1.40) by August 3. This development is largely the result of intensive exchange and import controls instituted in mid-1961.

The money market is in a state of high liquidity. Agricultural production has been maintained at high levels during the first 6 months, but diamond exports decreased somewhat. New gold mines came into production and the first half of 1962 saw a record gold output, 12.4 million ounces valued at $431.1 million.

South African preliminary figures show that the Republic had a small trade deficit through June, with exports valued at $684.6 million and imports at $698.5 million.

The stage is set, therefore, for a significant upturn in both the investment and trade sectors. An additional round of consumer goods import permits, just instituted, may start such an upturn in motion by increasing consumer expenditure during the Christmas season. South African sources reportedly expect the country's total imports in 1962 to exceed 1961 imports by over $150 million.

OIL EXPLORATION IN NIGERIA: Typical of the exploratory work being done in the Federation is this scene of a group of workmen "coming out of the hole" in drilling at Nzam. (Shell Oil Co.)

Expanding Nigeria provides varied market for U.S. goods

Sales to African nation running 44% ahead of 1961; over 50 U.S. firms to exhibit at Lagos Fair

DELBERT O. GORDON
African Division, ORE

The rapid rate of economic development in The Federation of Nigeria offers substantial prospects for increasing the sale of American products.

DELBERT O. GORDON

A 6-year, $1.8 billion Economic Development Program was launched in mid-March to accelerate the present 4% rate of annual growth in gross national product (GNP).

Cocoa remained the principal U.S. import from Nigeria.

Economic activity in the Federation slowed down during the first 6 months of 1962 as higher import duties curtailed total imports and government economic programs were unexpectedly delayed in getting underway.

Exports up

A marked improvement in the country's balance of trade was achieved as exports continued to rise and imports, particularly of luxury goods, dropped considerably. Production of cocoa, palm products, and groundnuts, the principal export crops, was off slightly.

Interest in Nigeria remained at a high level among foreign investors, with several American firms investigating prospects for local factories.

Exhibitors

More than 50 U.S. firms will show their products in the U.S. exhibit at the Nigerian International Trade Fair in Lagos, October 27 to November 18. The theme of the U.S. exhibit, the first to be held in Nigeria, is "New Skills—New Tools—New Markets." This is consistent with the overall theme of the exhibition—"Nigeria Trades with the World." More than 1 million visitors are expected to visit the fair.

The initial U.S. allocations to the Nigerian 6-Year Development Plan were made during the first half of 1962. The U.S. has agreed to contribute $225 million over a 5-year period, with up to $45 million each year going for engineering services, feasibility studies, educational purposes and project loans. From $3-$5 million a year will also be available for the purchase of commodities.

As the economic tempo of Nigeria is accelerated through the many projects carried out under the impetus of the Development Plan, the demand for an increasingly diversified range of goods and services can be expected. If American business firms take the necessary steps to establish themselves in Nigeria now, they will be in an excellent position to tap the promising potential of this rapidly expanding market.

As an indication of the growing economic importance of the Federation on the international stage, more than 40 countries, including the U.S., will participate in the Nigerian International Trade Fair in Lagos this fall.

U.S. sales rise

According to U.S. statistics, U.S. exports to Nigeria during the first 6 months of 1962 totaled $17.2 million, compared with $11.9 million for the same period of 1961—an increase of 44%. U.S. imports from Nigeria for the first half of 1962 amounted to $29 million, compared with $28 million for 1961.

The marked increase of U.S. sales during this period can be mainly attributed to imports of capital goods in connection with the industrialization of the country and to a growing familiarity with American products.

The U.S. has moved from fourth to

third place among principal suppliers of Nigerian imports. The United Kingdom and Japan retained their role as the two most important suppliers, while West Germany dropped to fourth place.

Good sellers

Among the commodities contributing to the significant rise in U.S. sales to Nigeria were petroleum fuels, iron and steel goods, medicines, industrial, electrical and construction machinery. Flour exports from the U.S. declined considerably because of Canadian competition. These exports will continue to drop as the plant of Flour Mills of Nigeria, an American firm, began operations in May.

Liberia provides expanding market for U.S. products

Americans face keen competition; prosperity rests on building boom; iron ore is now chief product

By GARY L. LENT
Africa Division, ORE

Long-term economic prospects for Liberia are encouraging, and prospects for future U.S. trade with Liberia are excellent.

GARY L. LENT

In addition to the continued importation of capital goods, within a short time there should be a marked increase in the demand of all types of consumer goods by the Liberian people as a better standard of living is bound to follow the present economic expansion within the country.

The implications for the American exporter are plain. A growing market exists for the machinery and supplies needed by manufacturing and mining industries. The market for consumer goods should also expand rapidly.

In order to profit by this expansion, American businessmen will have to make the necessary promotional effort. Obviously, few sales will be made by the exporter whose promotional efforts end with a display case.

Traders must adapt

The competition is keen, and the investor or trader contemplating Liberian opportunities must be prepared to learn the requirements of the market and compete with European firms who have experience in the area.

American products imported into Liberia during the first half of 1962 were valued at $26.8 million, an increase of $4.1 million over a similar period in 1961. Metal manufactures, including railroad rails, led the increase in U.S.-Liberian trade. Metal imports rose to $5.4 million, an increase of almost 100% over the corresponding period of the preceding year.

Food imports during the period amounted to more than $3 million, compared with less than $2 million for the corresponding period of 1961.

Liberia's economy is being borne along on a wave of private and public construction. Mining companies are erecting facilities to extract and ship ore from Liberia's mountains of iron. At the same time the Liberian Government, with foreign aid, is constructing new buildings, highways, communications systems, and other services necessary to an expanding economy.

In brief, the country is booming, and the boom is likely to continue for some time.

Budget troubles

The Government is passing through a difficult budgetary period. The cost of building up the country's economic infrastructure has caused an increase in expenditures without a corresponding increase in revenue. This temporary condition, however, should soon begin to change as the various new industries, particularly iron ore mining, go into operation.

Iron ore has already replaced rubber as the country's principal source of revenue, even though only one mine is presently producing at approximately full capacity. A second mine has just begun to produce, while the 2 larger projects, LAMCO ($215 million) and DELIMCO ($100 million), have not yet begun to ship ore.

Recently, the Agency for International Development (AID) announced the signing of a $640,000 contract with Klein and Saks, management consultants. This firm will work closely with the newly established Liberian Development Planning Agency to assist in coordinating the country's economic development with its financial resources.

Little change seen in U.S. trade with Morocco

Effects of '61 drought still felt; some trade leads cited

By STEPHEN DUNCAN-PETERS
Africa Division, ORE

Relatively little change in U.S.-Moroccan trade is anticipated in the immediate future as Morocco's economy has not as yet recovered from the effects of the drought which prevailed in 1961. The country's economy showed little improvement in the first half of 1962.

S. DUNCAN-PETERS

U.S. trade moved upward, but the rise was largely accounted for by increased aid shipments. American exports in the first 6 months of 1962 attained a substantially increased level of $34,528,000 (Jan.-June 1961, $26,286,000), according to U.S. trade statistics. This expansion followed the favorable trend in 1961 when U.S. exports reached almost $66 million, a rise of more than 93% from the 1960 figure of about $34 million. U.S. January-June 1962 imports from Morocco, amounting to $7,220,000, represent a 20% increase over 1961 imports for the corresponding period ($5,994,000).

The generally depressed business conditions have carried over from 1961 and the domestic economy was still static by the end of June 1962—in part a result of reduction of purchasing power after the preceding year's severe drought and in part, lack of new industrial construction. The good crop outlook aroused some optimism but the grain marketing had little noticeable effect on demand for consumer products. There is some speculation that the farmers, badly hurt by last year's drought, are hoarding portions of their grain and keeping their cash in reserve.

Reluctance of the farmers to spend has noticeably affected domestic trade and local industry. Relatively high stock inventories accumulated in 1961 and still glut the market.

The drought and poor crop returns obliged Morocco to seek assistance abroad. The need for wheat and other cereals resulted in expanded purchases of these commodities from the United States, largely under the Title I, PL 480 program. Official Moroccan trade statistics for 1962 are not yet available but local sources estimate the U.S. share of the country's total imports has risen to about 15% of total volume. The United States in 1961 provided 10.4% of total Moroccan purchases.

Unofficial estimates indicate that imports from France, traditionally Morocco's main source of supply, have fallen sharply mainly because of a suspension in sugar purchases and cessation of import of finished petroleum products as well as higher tariffs on imports of luxury items. On the other hand, purchases from the sterling area reportedly have increased by about 11% and from the Sino-Soviet bloc, about 38%. The absence of current statistical data precludes any analysis of Morocco's foreign trade at this time.

Trade opportunities

Export opportunities for U.S. traders are likely to be available in petroleum fuels and oils, synthetic textiles, automobile parts, industrial machinery and equipment, agricultural machinery, electrical generators and motors, mining machinery and equipment, aviation equipment and parts, and pharmaceuticals.

Although Morocco's industrial scene was relatively static, some locally significant investments were effected by foreign firms in the first 6 months of 1962. U.S. investments expanded as the General Tire & Rubber Co. announced it will increase the size of its tire plant in Casablanca to produce enough tires to meet Morocco's domestic needs. Plans were also developed for construction of a 250-room hotel at Rabat by mid 1964, at which time it is to be leased to the Hilton Hotels International. A British firm will assemble wheeled tractors and another British company reportedly has been granted exclusive rights to assemble television receivers. The Moroccan Government is studying proposals, submitted by U.S. and British consortiums, for construction of a steel mill.

Investment opportunities in Morocco are largely dependent upon their relationship to the programs envisioned by that country's 5 year development plan. The most promising prospects provided by this plan are in food processing, development of irrigation facilities, ore processing, communications, and assembly industries.

BOUND FOR EUROPE: The German ore ship "Rhenania" shown berthed at the Liberia Mining Company's pier in the Free Port of Monrovia, helps to carry the country's vast iron ore stocks overseas.

Tanganyika gets corn grant thru Food for Peace plan

The U.S. is donating another 15,000 tons of yellow corn worth $1.8 million for famine relief in Tanganyika under the Food for Peace Program, according to the Agency for International Development (AID).

AID has made more than 78,000 metric tons of Food for Peace grain available to the African country since April 1961, when the Government of Tanganyika first requested assistance.

The new grant of 15,000 tons, together with 12,000 tons remaining from the previous allocations, will help the country meet its food needs until the next crop is harvested in 1963.

NEW NIGERIA CONSULATES

U.S. Consulates were established at Ibadan and Enugu, Nigeria, on July 2, 1962. The consular districts in Nigeria have been changed to conform with the following jurisdictions: The Embassy at Lagos-The Federal Territory of Lagos; The Consulate at Kaduna-Northern Nigeria; the Consulate at Ibadan-Western Nigeria; and The Consulate at Enugu-Eastern Nigeria.

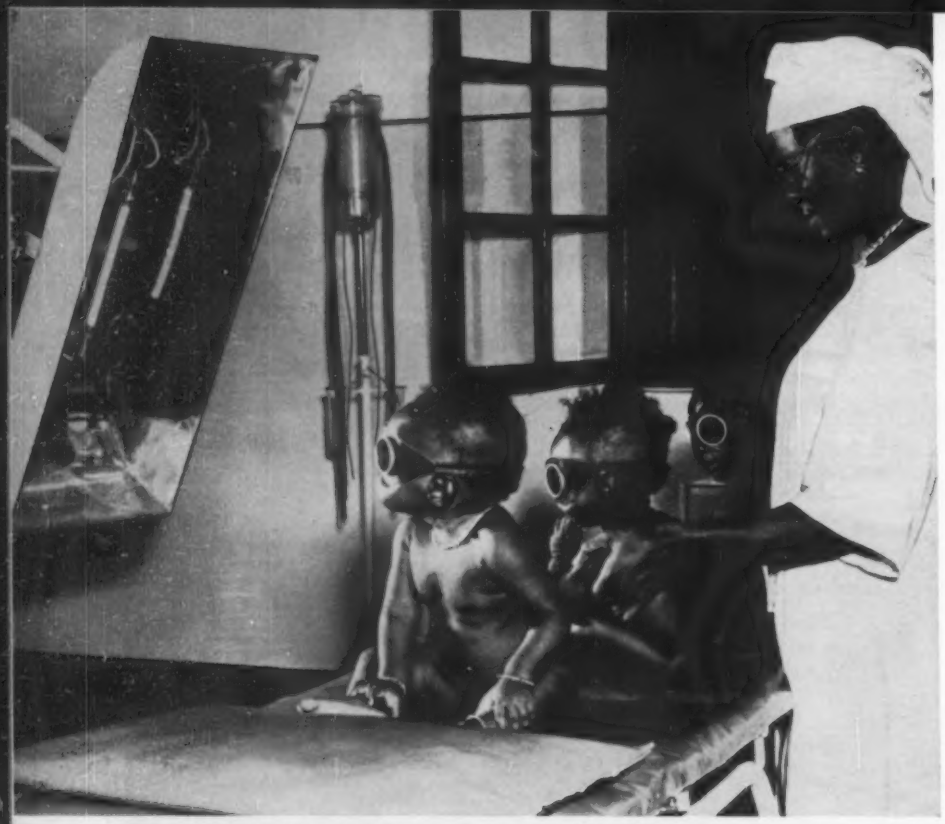
D.C. consultants to survey Sierra Leone's transport

Long-range development of the transportation system in the West African nation of Sierra Leone is the subject of a survey and recommendations to be made by a Washington, D. C. consulting firm.

Arranged and financed through AID, the Government of Sierra Leone awarded the $100,800 contract to Transportation Consultants Inc., to survey the entire present interior transportation system and prepare a master plan for its improvement and expansion. The contract covers a 4-month period, effective immediately.

The survey will prepare a list of priorities for investment to meet the country's transportation requirements in the next 15 years, improving upon those facilities already existing. The contractor will recommend procedures for implementing the 15-year program.

The study and resulting plan will consider all modes of facilities for transportation: roads, railroads, inland waterways, airfields, and ports. It will consider both private and commercial needs for movement of passengers and freight.



HEALTH PROJECT IN THE CONGO: Attending nurse watches over her 3 young charges to see that they receive proper treatment under an ultraviolet ray lamp, a phase of a World Bank project in Africa.

U.S. aid funds promote rising sales to Congo

Machinery and transport goods sell best; industries do well despite shortages of goods

By JOHN J. EDDY

Africa Division, ORE

Despite the continuing political and financial crisis in the Congo, U.S. exports to that country have climbed steadily in value, largely as a result of tied American aid.

JOHN J. EDDY

Under the umbrella of the U.S. aid program, American traders with the Congo have an opportunity to supply a wide range of American-made products to the expanding Congolese market.

Because meager foreign exchange earnings have drastically reduced importation from Europe, the competitive position of American products has been strengthened. There is a growing demand for such commodities as heavy machinery, trucks, automobiles, textiles, foodstuffs, and trade goods of almost every type.

Although exact figures are not available, January-June 1962 shipments from the U.S. are presumed to have already exceeded the 1961 total of $19.9 million, which accounted for 15.3% of Congolese imports. During the first 6 months of 1962, the U.S. Agency for International Development (AID) allocated some $38 million in tied import aid to the Congo.

Sales leaders

Analysis of recent Congolese imports purchased from the U.S. with AID funds indicates that heaviest emphasis has been placed on automotive vehicles, tires and parts, a wide variety of machinery parts, textiles and textile products, and foodstuffs such as rice and canned fish.

Lesser amounts of AID funds have been spent for aircraft and aircraft parts, insecticides, pharmaceuticals, iron and steel products, supplies for shoe manufacturers and tanners, and many other commodities from sewing machines to rat traps.

It can be expected that future U.S. financial assistance will be programmed by the Congo Government for purchases of raw materials for local industry (metals, plastics, cloth), replacement machinery for local industries and processing plants, and equipment (including trucks and spare parts) for the maintenance of the road, rail, and river transportation net.

Moreover, in the interest of lessening inflationary pressures, provision will have to be made for such consumer goods imports as cloth, canned foods, flashlights, kerosene cooking stoves, and pots and pans.

Future commercial sales of Title I, PL 480 commodities to the Congo will probably continue at the level of fiscal 1962. These consisted of about $12 million worth of rice, wheat flour, canned and frozen chicken, powdered and canned milk, and unprocessed tobacco.

Surprising strength

Despite difficulties encountered in importing raw materials, capital equipment, and spare parts, local industries have continued to show surprising strength. Although production levels for January-June 1962 did not increase to the extent noted for the last half of 1961, this is largely explained by the fact that local plants (breweries, clothing factories, plastic and soap manufacturers) have reached maximum production capacity.

Constant shortages of goods have hampered the operation of the distributive industries, but they have still managed to make reasonably good profits during the last several months.

The first half of 1962 witnessed the opening of a modern cigarette factory and an oil processing plant in Leopoldville. As a tonic to the building trade, Prime Minister Adoula recently laid the corner-stone for a new housing project in the same city.

Unofficial reports indicate that mineral production has continued at satisfactory levels in Katanga and Kasai.

Output of agricultural commodities, such as palm oil and rubber, which are produced mainly for export, has remained steady. Shipments have declined, however, due to the disorganization of the marketing and internal transportation systems.

LOANS TO INDIA

India received 5 of the 29 loans made by the World Bank during the 1962 fiscal year. The loans amounted to over $145 million.

Printing machines sought by Government of Iraq

The Directorate of Government Press will purchase 4 automatic cylinder printing machines to print on paper size 56 x 77CM, 918. Type height is to be complete with 1 spare set of spindles rubber roller covered with rubber for each machine. Also wanted is complete electrical equipment for a.c. 220/380 volts 50 cycles plus 6 steel book chases with each machine, with movable cross-bars and 1 spare parts catalog and 1 set of tools.

Bid deadline is Dec. 9. Terms and specifications may be obtained from the Secretary of the Central Foreign Purchasing Board, Ministry of Finance, Baghdad, for $3.50.

A copy of the tender is available on loan to U.S. firms in the U.S. from the General Industrial Equipment and Components Division, BDSA, U.S. Department of Commerce, Washington 25, D.C., Tel. WOrth 7-5589.

Bids sought in Greece for patching panels

The Director General of Procurements, Ministry of Trade, Greece, invites sealed bids for 4 each HF coaxial cable patching panels (8-12 dual switching jacks) for receiver-antennae interconnection, with twelve 16-inch coax patch cords.

Closing date for the bid under tender 311545/19818 is 1 p.m. Nov. 5 at the State Purchases Directorate C, 50 Socratous St., Athens, Greece.

Interested firms can review specifications and bidding instructions in the Electronics Division, BDSA, Room 4125, U.S. Department of Commerce, Washington 25, D.C. (Telephone: WO 7-2334.)

25,000 TV receivers asked by Syrian organization

The General Organization for Executing the 5-Year Industrialization Plan located in the Syrian Ministry of Industry, Damascus, is inviting bids for 25,000 television receivers: 20,000 17 in. or 19 in. and 5,000 21 in. or 23 in.

Receivers must conform to the 625 line/50 cycle (CCIR) system and operate on 110-volt, 50-cycle a.c. power.

Payment terms are 25% upon delivery and the balance in installments over 3 years. Bids must be accompanied by a guarantee equaling 2% of the value of the bid. Bidders must also guarantee the availability of spare parts over a 10-year period.

Bids must be submitted directly to the above mentioned organization not later than 2 p.m. Nov. 1.

Copies of bidding conditions and specifications may be obtained from this organization in Damascus, Syrian Arab Republic, for about $59.00 (£210) including air mail postage charges from Damascus to the United States.

Ceylon wants railway bogie hopper cars

Worldwide bids are requested for an undetermined number of bogie hopper cars with auto-couplers by the Chairman, Tender Board, Ministry of Transport and Works, P.O. Box 547, Colombo, Ceylon.

Interested firms may obtain tender conditions from the Embassy of Ceylon (Reference 193/112), 2148 Wyoming Ave., NW., Washington 8, D.C., for $2.10 each. Closing date for bids is Nov. 7.

If drawings are desired the Embassy will obtain them from the Crown Agents in London for $2.10 per set (not refundable).

Tender conditions, without drawings, may be examined in Room 4212, Transportation Equipment Division, BDSA, U.S. Department of Commerce, Washington 25, D.C.

Bids invited in Iraq for new swimming pool

Iraq is inviting bids for construction of a swimming pool and changing rooms at A'adamiya, Baghdad. Total construction cost is estimated between $80,000 to $100,000.

U.S. manufacturers of filtration systems and swimming equipment may submit bids to the Director General of Summer Resorts and Tourism Service, Ministry of Social Affairs, Baghdad, Iraq. Bid deadline is Nov. 19.

Material specifications may be examined at the Building Materials and Construction Industries Division, BDSA, Room 4002, U.S. Department of Commerce, Washington 25, D.C.

Pakistan invites bids for generator sets

The Pakistan Eastern Railway requests bids for 4 battery charging generator sets and switchgear, 400-volt, 3-phase, 50-cycle, 4-wire; also for 4 diesel engine generator sets complete with accessories and switchgear, 400-volt, 3-phase, 50-cycle, 4-wire, both under bid P3/HA/48/62. Bid deadline is 12 noon Nov. 10.

Bids are also requested for the following: one turbo-generator set having the most economical rating of 1,500 kw. (CMR 2,000 kw.) suitable for 3,300 volts, 50-cycle, 3-phase, 0.8 power factor, A.C. supply complete with accessories and switchgear, under bid P3/HA/49/62. Deadline is 12 noon Oct. 10.

Four generator sets for battery charging, 400-volts A.C., 3-phase, 50-cycle, 4-wire, with auxiliary equipment, under bid P3/HA/34/62. Closing date is 12 noon Nov. 10.

Bids must be submitted to the Controller of Stores/Purchase, Pakistan Eastern Railway, Pahartali, Chittagong, Pakistan.

One copy of specifications for each item is available for review at the Power and Electrical Equipment Division, BDSA, Room 4217, U.S. Department of Commerce, Washington 25, D.C.

India plans construction of swing foot bridge

India is inviting bids for the supply and erection of a 234-foot swing footbridge across the entrance to the boat basin, Madras State, India.

Bids will be received until Dec. 14 by the Chief Engineer, Madras Port Trust, Madras 1, Madras State, India.

U.S. firms interested in obtaining tender documents may send $8.40 towards the cost of the specifications, plus a bank commission of 21 cents, and approximately $11.67 to cover air mail postage charges for the documents, to the Deputy Chief Accounts Officer (Engineering), Madras Port Trust Office, Madras 1, Madras State, India.

Copies of the invitation to tender, bid forms and material specifications may be examined at the Building Materials and Construction Industries Division, BDSA, Room 4002, U.S. Department of Commerce, Washington 25, D.C.

U.A.R. extends deadline on fruit juice plants

Closing date of the tender for supply and erection of 2 modern fruit juice plants at Belbais and Giza in the U.A.R. has been extended from Oct. 4 to Oct. 20. This is the second bid extension.

Each plant is to have a processing capacity of 3 tons of fruit an hour. Fruits to be processed include oranges, limes, grapes, apricots, mangos and tomatoes.

Copies of the bid invitation and specifications are available on loan from the General Industrial Equipment & Components Division, BDSA, U.S. Department of Commerce, Washington 25, D.C.

Studio sound equipment requested by Iraq

Formal tenders now have been invited by the Central Foreign Purchasing Board, Ministry of Finance, Baghdad, Republic of Iraq, for the supply of studio sound and ancillary equipment.

Closing date for bids is noon Dec. 16. Plans for this procurement were announced in INTERNATIONAL COMMERCE, Sept. 24, page 30.

Copies of the tender documents and specifications may be obtained from the Secretary of the Committee, Ministry of Finance, Baghdad, Iraq, for $2.80 (1 dinar) per copy.

Interested firms can also review the tender forms and specifications in the Electronics Division, BDSA, Room 4125, U.S. Department of Commerce, Washington 25, D.C.

Portugal plans exploration of fluorite deposits

The Government of Portugal is inviting bids for exclusive rights to the exploration and subsequent exploitation of fluorite (fluorspar) ores in a specified area in Mozambique.

Previous surveys have indicated the existence of important fluorite deposits in the region to be explored, in central Mozambique, north of the port of Beira and about 115 kilometers south of the Zambezi River.

Regarding the award for exploration and development, preference will be shown to major advantages offered for the province and the largest investment to be made during the exploratory stage.

Bids will be received until March 11, 1963, by the Direcção Geral de Economia, Ministério do Ultramar, Rua de Ferreira Lapa 38, Lisbon 1, Portugal.

A copy of the announcement, in Portuguese, with the English translation and a map of the area to be explored, is available for reference in the Miscellaneous Metals and Minerals Division, Room 4009, BDSA, U.S. Department of Commerce, Washington 25, D.C.

Lourenco Marques seeks engineering survey bids

Bids are requested in Lourenco Marques for a final survey for hydroelectric projects at the Lurio River at Ocua and Quedas and at the Luo-Lugela Rivers. Estimated cost of work is $83,000. Bid deadline is Nov. 28. The deposit required is $2,066.83 with bid.

Bids are to be submitted to the Mozambique Power Agency (Servicos Autonomos de Electricidade de Mocambique), Lourenco Marques.

One copy of specifications written in Portuguese is available for review at the Power and Electrical Equipment Division, Room 4217, BDSA, U.S. Department of Commerce, Washington 25, D.C.

Iraq plans enlargement of water supply system

Qualified engineering firms are invited to submit bids for enlargement of the water supply system in Sulaimaniya, Iraq, a city 300 miles north of Baghdad.

General conditions, plans and specifications can be obtained by writing to the Secretary of the Purchasing and Tendering Committee, Ministry of Municipalities, Baghdad, Iraq. Bid deadline is Nov. 29.

Paraguay extends deadline on $4 million project

Corporación Paraguaya de Carnes (COPACAR) has postponed the deadline for bids on the construction and financing of its proposed modern slaughterhouse and freezing plant near Asunción.

Bids on the $4-million project were originally due Sept. 15; the time period has now been extended to Nov. 15.

Plans and specifications are available from the Secretaria de la Comision Mixta, Corporación Paraguaya de Carnes, Estrella esq. Chile, Asunción, for $79.40 (c10,000). (See FOREIGN COMMERCE WEEKLY, June 11, p. 1053.)

Iraq Government asks bids for power line equipment

The Government of Iraq is inviting tenders for the supply, delivery and installation of power-line carrier equipment for the Central Iraq Zone Electrical System.

This system consists of about 450 kilometers of 132 kv. double circuit lines, and approximately the same length of 33 and 11 kv. lines.

Specifications may be inspected at the Embassy of the Republic of Iraq, 2135 Wyoming Ave., N.W., Washington 8, D.C. Firms desiring to submit tenders can procure 2 sets of the specifications from the Embassy for $70. This sum will not be refunded.

Tenders must be received by the Secretary of the Committee for Opening Tenders, Ministry of Industry, Baghdad, by 12 noon Dec. 19.

U.A.R. extends deadline for circuit breakers

The Cairo City Public Transport Authority has extended the deadline date on their invitation for bids covering 50 single pole d.c. high-speed circuit breakers to be used by the Cairo tramway and trolley bus network.

The bid deadline is extended from Sept. 25 to Oct. 25 (see International Commerce, Aug. 20, p. 16).

Indian Government plans water treatment plant

The Municipal Corp. of New Delhi, India, is inviting bids for construction of a 40 million gallon daily capacity water treatment plant at Wazirabad, near Shah Alam Mosque, about 5 miles from the Delhi main railroad station.

Bid deadline has been extended to 3 p.m. Nov. 5. Bids must be accompanied by $21,000 (100,000 rupees) and should be addressed to the Deputy Chief Accountant (Internal Audit), Municipal Corp. of Delhi, Town Hall, Chandni Chowk, Delhi 6, India.

A complete set of tender documents is obtainable from the Chief Engineer (Water), Municipal Corp. of Delhi, Link House, Mathura Road, New Delhi, for $2.10 (10 rupees); in addition airmail parcel postage will be about $6.

A set of the drawings and specifications can be viewed in the office of the Water Industries Division, BDSA, Room 4116, U.S. Department of Commerce, Washington 25, D.C.

The firms and individuals in the following lists are interested in trade relations with U.S. businessmen. The commodities in which they have expressed interest are indicated by the numbers preceding the commodity classifications. These numbers refer to the Standard Industrial Classification (SIC) Manual, which is available for $2.50 a copy from the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C.

Every effort is made to include only firms or individuals with a good reputation; the Department of Commerce, however, cannot be responsible for any resultant trade relations.

(★) indicates additional information on the export, import or international representation opportunities may be reviewed or borrowed by U.S. firms in this country from the Trade Opportunities Staff, Business and Defense Services Administration, U.S. Department of Commerce, Washington 25, D.C.; telephone WO 7-4675.

(★★) indicates opportunities obtained by U.S. trade missions to other countries. A (★) following these indicates that additional information may be acquired by writing International Activities Staff, Attention E. Craig Wilton, BDSA, U.S. Department of Commerce. NCIA following indicates no commercial information available.

(☆) indicates tenders invited by foreign borrowers under Agency for International Development (AID) loans.

(●) indicates that the trade opportunity represents a request for bids by a foreign government agency. A (★) following indicates that additional information may be borrowed by U.S. firms in this country from BDSA; telephone numbers indicated. To avoid delay, requests for loan material should include country and commodity.

WTD indicates that a World Trade Directory report is available on the foreign firm for which the trade opportunity is listed. These reports, indicating type of organization, sales territory, size of business, sales volume, trade and financial reputation, and other factors, are available for $1 each from the Commercial Intelligence Division, BIBO, U.S. Department of Commerce. The date following the letters WTD refers to the date of issuance of the report.

200 Food

Ireland

Canned and dried foods of all types except meat, domestic and institutional sizes; c.i.f. prices Dublin. Garavans, Ltd. (wholesale distributor), 18 William St., Galway.

Netherlands

All kinds of canned foods, dried fruits and food specialties. L. H. van Hertzfeld N.V. (importer, wholesaler, transit trader, agent), 155 Maaskade, Rotterdam 1. WTD 3/15/61.

201 Meat Products

Italy

Natural (pork and mutton) sausage casings; mutton casings to have a diameter of 20 mm. and over; requests samples and price quotations c.i.f. Italian port. Direct purchase and agency for all of Italy. Eugenio Ciavatta (dealer, processor), Via Trionfale 8229. Rome.

203 Canning, Preserving Fruits, Vegetables, Seafoods

Netherlands

Almonds, raisins, peanuts. N.V. Internationale Crediet—en Handelsvereniging "Rotterdam" (importer, exporter, wholesaler, transit trader), Westerstraat 29 or P.O. Box 567, Rotterdam 2. WTD 4/4/62.

Saudi Arabia

Canned vegetables, fruits, juices, and sauces. The Arab Institution for Advertisement, Translation, Commercial Correspondence and Commission Agency, AITCCA (importer, wholesaler, commission agent), P.O. Box 321, Alkhobar. WTD 2/24/62.

Orange juice and tomato juice. Hussein Oboud Saklou (merchants, importers, export, commission agents), P.O. Box 10, Dammam. WTD 8/6/62.

204 Grain Mill Products

Australia

Long grain rice. Louis Carsten & Co. (exporter, importer), 108 St. George's Tce., Perth, W.A. WTD June 1959.

Germany

Parboiled American long grain rice; c.i.f. Monrovia, Liberia; up to 5,000 bags of 100 lb. each per shipment. Impex-Handelsgesellschaft (importer), P.O. Box 1434, Bremen.

Saudi Arabia

Barley. The Arab Institution for Advertisement, Translation, Commercial Correspondence and Commission Agency, AITCCA (importer, wholesaler, commission agent), P.O. Box 321, Alkhobar. WTD 2/24/62.

211 Cigarettes

Saudi Arabia

Cigarettes. The Arab Institution for Advertisement, Translation, Commercial Correspondence and Commission Agency, AITCCA (importer, wholesaler, commission agent), P.O. Box 321, Alkhobar. WTD 2/24/62.

220 Textile Mill Products

Saudi Arabia

Piece goods: cotton, linen and svnthetic fiber's for men's and women's wearing apparel. The Arab Institution for Advertisement, Translation, Commercial Correspondence and Commission Agency, AITCCA (importer, wholesaler, commission agent), P.O. Box 321, Alkhobar. WTD 2/24/62.

Piece goods of cotton, wool and synthetic fibers for ladies' and men's apparel. Salamat Ali Khan (importer, retailer, exporter, wholesaler, commission agent), P.O. Box 117, Alkhobar. WTD 9/16/62.

230 Apparel

France

Men's and children's underwear. Sodinice "Superbazar" (retailer), 32 rue Pairoliere, Nice. WTD 9/6/62.

232 Men's, Youths', Boys' Furnishings, Work Clothing

Italy

Men's shirts, of cotton, synthetic or mixed fabrics, in full range of sleeve lengths and collar sizes. Paul Edward Allvin, C.I.M. SpA, Grandhi Magazzini (department store), Via XX Settembre, Palazzo di Vetro, Rome.

243 Millwork, Veneer, Plywood, Prefabricated Structural Wood Products

Italy

Lumber, plywood for marine construction. Cantieri Navali Italcraft, SNC (Boat construction, maintenance, repair), Via F. Denza, 52, Rome.

249 Miscellaneous Wood Products

Venezuela

Wood carved gift articles; requests replies in Spanish. Vam, C.A. (importing distributor), Edificio Vam, Avenida Andres Bello, Caracas, Aptdo. 166 WTD 9/4/62.

253 Public Building, Related Furniture

Thailand

Hospital furniture, metal: beds, cabinets. Direct purchase and agency. Anglo-Thai Corp., Ltd. (importing distributor, manufacturer's agent), Hong Kong & Shanghai Bank Lane, Siphya Rd. Bangkok. WTD 5/17/62.

262 Paper Mill Products

Ceylon

● Art paper, 100 reams: azure laid blue ledger paper, 1,300 reams; white wove paper, 1,000 reams; woodfree white bank paper, 3,000 reams. Bid deadline Nov. 27. Tender notice, specifications, and samples available from Commercial Secretary, Embassy of Ceylon, 2148 Wyoming Ave., N.W., Washington 8, D.C.

France

Kraft paper, grease-proof and oil resistant paper, and related lines. Papeteries de Lusignan (wholesaler, commission merchant, agent, manufacturer), 46 rue du 24-Febrier, Niort, Deux-Sevres. WTD 8/9/62.

Surinam

Mimeograph and/or duplicating paper, white foolscap, 8½ in. by 14 in. in packages of 500 sheets; interested in offers for 3-5 tons. Henk van der Voet (importing distributor, manufacturer's agent, importer, retailer, wholesaler), Kerkplein 3, P.O. Box 1802, Paramaribo. WTD 7/19/61.

281 Industrial Chemicals

Italy

Magnesite (45-46% magnesium oxide

content) oxalic acid in large crystals; silicon carbide, gray and black, in various sizes. Chimical, Srl. (importer, dealer), Via Suor Maria Mazzarello 21, Rome.

282 Plastics Materials, Synthetic Resins, Rubber, Other Manmade Fibers

Italy

Artificial casings for hot dogs; requests samples and price quotations c.i.f. Italian port. Direct purchase and agency for all of Italy. Eugenio Ciavatta (dealer, processor), Via Trionfale 8229, Rome.

283 Drugs

Israel

☆ Low pressure polyethylene natural fortiplex A60-2OR, 25,000 lb. Loan 28; U.S. source. Sub-Authorization 791/1/365. Bid deadline Oct. 23. Government of Israel Supply Mission, 850 Third Ave., New York 22, N.Y. Attention: M. Hans. Tenders should refer to S/A number and be prepared on basis of f.a.s. U.S. port of exit. Delivery desired by Nov. 15. Prices should be itemized and show both trade and cash discounts. Suppliers may devise own forms for submitting tender in duplicate, to buyer.

Pakistan

☆ Medicinal and pharmaceutical preparations. Loan 53. IL#203554. Credit amount, $21,000. Bid deadline Oct. 23. Fazal Din & Sons, The Mall, Lahore. Cable: LOTUS.★

Zanzibar

Pharmaceuticals and patent medicines. C. P. Jani & Sons (importer, retailer), 184 Changa Bazaar, P.O. Box 56, Zanzibar. WTD 4/30/62.

284 Soap, Detergents, Cleaning Preparations, Perfumes, Cosmetics

Saudi Arabia

Detergents packed for home use. The Arab Institution for Advertisement, Translation, Commercial Correspondence and Commission Agency, ATCCA (importer, wholesaler, commission agent), P.O. Box 321, Alkhobar. WTD 2/24/62.

Zanzibar

Cosmetics, perfumes, gift sets. C. P. Jani & Sons (importer, retailer), 184 Changa Bazaar, P.O. Box 56, Zanzibar. WTD 4/30/62.

291 Petroleum Refining

Italy

Paraffin. Chimical Srl. (importer, dealer), Via Suor Maria Mazzarelle, 21, Rome.

295 Paving, Roofing Materials

Honduras

Asphalt paving blocks. Direct purchase and agency. Constructora Matamoros (building contractor), Barrio La Plazuela, Tegucigalpa, D.C. WTD 9/10/62.

307 Miscellaneous Plastics Products

Honduras

Plastic tubing for electric and water conduits. Direct purchase and agency. Constructora Matamoros (building contractor), Barrio La Plazuela, Tegucigalpa, D.C. WTD 9/10/62.

Italy

Expanded (foamed) plastics for marine construction. Cantieri Navali Italcraft, SNC (boat construction, maintenance, repair), Via F. Denza, 52, Rome.

322 Glass, Glassware

France

Aquarium; all kinds. Dafnie (importer, wholesaler), 6 rue de Fecamp, Paris 12e. WTD 8/3/62.

Venezuela

Crystalware; crystal gift objects, glass ash trays, flower vases, cocktail sets; requests replies in Spanish. Vam, C.A. (importing distributor), Edificio Vam, Avenida Andres Bello, Caracas, Aptdo. 166. WTD 9/4/62.

325 Structural Clay Products

Honduras

Small ceramic mosaic tiles, different colors and shapes. Direct purchase and agency. Constructora Matamoros (building contractor), Barrio La Plazuela, Tegucigalpa, D.C. WTD 9/10/62.

326 Pottery, Related Products

Venezuela

Porcelain figures, flower vases, giftwares; requests replies in Spanish. Vam, C.A. (importing distributor), Edificio Vam, Avenida Andres Bello, Caracas, Aptdo. 166. WTD 9/4/62.

329 Abrasive Products

Israel

☆ Rammed silicon carbide slabs, 26 by 17⅜ by 1 in., 250 pieces; same, 27¾ by 17¾ by ¾ in., 350 pcs. AID loan 66. Sub-Authorization 66/56D. Bid deadline Oct. 16. Government of Israel Supply Mission, 850 Third Ave., New York 22, N.Y., attention N. Nisen. Tenders should refer to S/A number and be prepared on basis of f.a.s. U.S. port of exit. Delivery desired by end of December. Prices should be itemized and show both trade and cash discounts. Suppliers may devise own forms for submitting tender, in duplicate, to buyer.

331 Steel Mill Products

Argentina

● Steel sheets, annealed, cold rolled, deep drawing and commercial quality, 1,941,300 kg. Specification SAE 1008 and 1010. Tender Licitación Pública. No 1/61-62 (OPTO.ADQ.), bid deadline Oct. 15. DINFIA, Fábrica Militar de Aviones, Comision Central de Aperturas, Avda. Colón 274, Local 13, Galeria Progreso, Cordoba. (Telephone: WOrth 7-2363.)★

Ecuador

Construction materials: round iron, galvanized wire, galvanized sheets, tubing and accessories, tanks; requests replies in Spanish. Importadora "JAS," Miguel Jijon A. (importing distributor), P.O. Box 3056, or Calle Santiago 122, Quito. WTD 9/14/62.

India

☆ Piling, 700 long tons, sheet steel, minimum section modulus of 45 in. cubed, in lengths of 70 ft., 60 ft. and 40 ft. to certain specifications; pile driving equipment, complete. Tender B-VIZ/1099. PIO No. 386-W-21-AP-9-80372. Purchase against this tender enquiry restricted to equipment of U.S. origin or manufacture. Offer to be firm and irrevocable. Subject to ICA Regulations 1, as amended. Bid deadline Nov. 23. Tenders to be submitted in triplicate. India Supply Mission, 2536 Massachusetts Ave., NW., Washington 8, D.C., where tenders are available free of charge.★

☆ Boiler steel plates. Loan No. 217; U.S. source. Ref. Inq. P/1740/8436 #735 (A). Bid deadline Oct. 29. The Tata Power Co., Ltd., c/o Tata Inc., 425 Park Ave., New York 22. N.Y.

☆ Mild steel plates, 2,811 long tons; high tensile steel plates, 14,556 l.t., for penstocks of Sharavathi Valley Hydro Electric Project, Stage II. Loan 197; U.S. source. Enquiry No. HCP/SVHEP-22/April 62. Office of the Chief Engineer, Hydro Electric Construction Projects, P. B. No. 60, Race Course Cross Rd., Bangalore 9. Bid deadline extended to Nov. 1. Previously announced in INTERNATIONAL COMMERCE, Sept. 3, p. 29.★

Italy

Steel ingots and billets: high quality, tensile strengths of 40-50 and 50-60 kilograms/square millimeters; mild commercial quality steel shapes. Ferrusa SpA, Dr. Franco Franchi (manufacturer), Via Sicilia 190, Rome.

Pakistan

All kinds of iron and steel products, such as G.I. pipes, C.I. pipes, valves and fittings. Direct purchase and agency. Tijarat Agencies (importer, exporter, wholesaler, manufacturer's agent), 628 Muhammadi House, McLeod Rd., Karachi. WTD 12/29/61.

☆ M.S. strip, width, 9 in., thickness, 0.144 in. Loan 7; U.S. source. S/A No. RM 039620. Credit amount, $9,450. Bid deadline Oct. 21. Steel. Ltd., G. T. Rd., Gujranwala. Cable: STEELS.

☆ M.S. plates, suitable for rolling and welding of pipes, sizes, 1/8 in., 5/32 in., 3/16 in., 7/32 in., 1/4 in., 5/16 in., 3/8 in. Loan 7; U.S. source. SA No. RM 039619. Credit amount, $11,550. Bid deadline Oct. 21. Orient Technical Works, 35 Ferozpur Rd., Lahore. Cable: PAKTECH, Lahore.

☆ M.S. sheets, pickled and oiled, C.R.C.A. 3 by 8 ft. size, B. G. 13, 14, 15 and 18, 38 tons; m.s. wire (nailwire), in cwt. coils No. 6 SWG, 5 tons. Loan 7; U.S. source. S/A No. RM 039615. Credit amount, $10,101. Bid deadline Oct. 21. Sitara Factory (Regd.), Khiali Gate, Gujranwala, West.

☆ Commercial quality 30 BG by 36 in. by 96 in. galvanized plain sheets. Loan 7; U.S. source. S/A No. RM 039617. Credit amount, $10,500. Bid deadline Oct 17. Pak Aluminium Factory & Metal Industries, Masoom Shah Rd., Multan City. Cable: BRASS, Multan.

☆ M.S. sheets, 8 by 4 ft., or 10 ft. by 5 ft. by 12, 14, 16, 18, 20, 22 and 28 BG; H.R.M.S. strips, 4⅞ in. by 12 and 14 BG, 2¼ in. by 16 BG, 3 in. by 16 BG, 3¾ in. by 16 BG, 4½ in. by 16 BG, 2¼ in. by 18 BG, 3 in. by 18 BG, 2¼ in. by 10 BG, 3 in. by 20 BG. Loan 7; U.S. source. S/A No. RM 039616. Credit amount, $10,269. Bid deadline Oct. 17. Aijaz Oil & Conduit Pipe Mills (Regd.), Old Hospital Rd., Gujranwala, Cable: AIJAZ-MILLS, Gujranwala.

☆ CRCA, mild steel sheets of U.S. standard, sizes preferably 6 by 3 ft. or 8 by 3 ft.; m.s. wire, black, annealed, in coils. Loan 7; U.S. source. S/A No. RM 039711. Credit amount, $8,820. Bid deadline Oct. 17. United Metal Industries, Shikarpur (Sukkur).

☆ M.S. billets, to BSS. 15, equivalent to U.S. specifications SAE 1020 or SAE 1025, or SAE 1030, prime quality with 28/32 tensile strength, minimum 20% elongation and in length of 12-18 ft. with cut ends. Each billet duly stamped with heat marks, together with works test certificate on quality, showing corresponding heat marks on billets. Sizes 2 in. square, 6,500 long tons; 2½ in. sq., 4,000 l.t.; 3 in. sq., 1,500

l.t.; 3½ in. sq., 1,500 l.t.; 4 in. sq. 1,000 l.t.; 5 in. sq., 5,000 l.t.; 5½ in. sq., 5,000 l.t.; 6 in. sq., 5,000 l.t. 6 in. by 5¼ in., 5,000 l.t. Loan 7; U.S. source. S/A No. RM 031433 and RM 031434. Credit amount, $1,601,880. Bid deadline Oct. 16. The Batala Engineering Co. (Pakistan), Ltd., The Mall, Lahore. Cable: BATENGCO.

☆ Mild steel billets, standard quality prime length 18 ft. and above, size 50/65 mm. sq. with 28/32 T.P.I. and 20% elongation (min.) works test certificate essential. Heat mark die stamped on every billet. Conforming to U.S. specification ASTM-A 273-58 T/A-151-C 1020. Loan 7; U.S. source. S/A No. RM 039656. Credit amount, $83,160. Bid deadline Oct. 15. Sultan Foundry (Registered), Badami Bagh, Lahore. Cable: SULTANPIPE.

☆ Galvanized plain sheets, prime quality, according to ASTM-Q-1-716 (3), size 8 ft. by 3 ft. by 26/28/30 BG, about 50 long tons. Loan 7; U.S. source. S/A No. RM 039609. Credit amount, $10,500. Bid deadline Oct. 15. Trunk Manufacturers Cooperative Industrial Society, Ltd., Trunk Bazar, Gujranwala.

● Fish plates, type A, 10,000 pcs. for 90 lb. F.F.B.S.S. rails to PRSS No. TI-49. Tender PT/DI/84/61. Fish plates, 160 sets, for various rails. Tender PT/DI/37/60, bid deadline Nov. 5. Pakistan Eastern Railway, Controller of Stores, Pahartali, Chittagong.

☆ Electrical steel sheets, M.43 grade, core loss 1.30 watts per lb. at 10,000 gauges, 50 cycles, both sides insulated, 8 ft. by 3 ft. by 26 gauge, or 6 ft. by 3 ft. by 26 gauge. Loan 7; U.S. source. S/A No. RM 025287. Credit amount, $2,880. Bid deadline Oct. 27. Abid Electrical Co., Gujrat.

☆ Hot rolled steel sheets, core loss between 2.63 watts per kilogram to 2.14 watts per kilogram (1.00 watt per lb. to 1.20 watts per lb.) at 10,000 gausses, 50 cycle, un-insulated, size 96 by 36 in. by 26 gauge (0.018 in.). Loan 7; U.S. source. S/A No. RM 039960. Credit amount, $11,970. Bid deadline Oct. 23. Kaycee Industries, Ltd., 49 The Mall, Lahore.

☆ Electrical steel sheets, one or both sides insulated suitable, core loss not exceeding 1.3 watts per pound at B,10,000, 50 cycles, thickness .020 in. or ½mm., suitable for making stamping. If in sheets, 36 in. width by 72 in. or 96 in. length, if in coils, 36 in. width in standard weight; pig iron, foundry grade; bright steel bars, tensile strength in random lengths of 20 to 30 ft. Loan 7; U.S. source. S/A No. RM 039612. Credit amount, $52,500. Bid deadline Oct. 22. The Climax Engineering Co., Ltd., G. T. Rd., Gujranwala, W., Cable: CLIMAX, Gujranwala.★

☆ M. S. billets to SAE 1020, in lengths of 18 ft. or above, with heat marks die stamped on each piece accompanied by works test certificate. Sizes 2 in., 2½ in., 3 in., 3½ in., 4 in. square. Prices required on C & F Karachi basis. Loan 7; U.S. source. S/A No. RM 039654. Credit amount, $66.528. Bid deadline Oct. 22. Mohammad Siddique & Brothers, Badami Bagh, Lahore, Cable: CRANKSHAFT,Lahore.

☆ Pig iron to conform to ASTM A-43-55T Analysis Si. 3.01 to 3.25; Su. 0.25; Ph. 0.31 to 0.50%; Mn. 1.01 to 1.25%. Loan 7; U.S. source. S/A No. RM 039714. Credit amount, $20,500. Bid deadline Oct. 22. Sultan Foundry (Regd.), P.O. Box 644, Badami Bagh, Lahore.

☆ Standard quality prime m.s. billets in length of 18 ft. or above, with heat mark die stamped and accompanied by work test certificate, to SAE 1020, sizes 2 in., 2½ in., 3 in., and 3½ in. Loan 7; U.S. source. S/A No. RM 039659. Credit amount, $110.880. Bid deadline Oct. 22. M. Shabbir Ahmad & Bros., Badami Bagh, Lahore. W. Cable: SHABBROLL, Lahore.

☆ Mild steel plate, 8 ft. by 4 ft. by ⅛ in. mild steel sheets, 8 ft. by 3 ft. by 24 BG, 26, 28 and 30 BG. Loan 7; U.S. source. S/A No. RM 039560. Credit amount, $44,100. Bid deadline Oct. 22. The National Pipe Industries, G. T. Rd., Gujranwala.

332 Iron, Steel Foundry Products

Honduras

Cast iron sewer pipes. Direct purchase and agency. Constructora Matamoros (building contractor), Barrio La Plazuela, Tegucigalpa, D.C. WTD 9/10/62.

Pakistan

☆ Pig iron, Si. 3.0/3.5%, Mn. .5/1.0%, Ph. .6/1.0%, Su. .05% max., C.3.0/4.0%; bright drawn steel bars, size 1¾ in. dia., 1⅜ in. 1¼ in., 1 in. ¾ in., ⅝ in., ½ in. Loan 7; U.S. source. S/A No. RM 039605. Credit amount, $8,568. Bid deadline Oct. 15. M. Badaruddin & Co., 86 Railway Rd., Lahore. Cable: BADARCO, Lahore.

☆ Pig iron, analysis, Si. 3.0/3.5%, Mn. .5/1.0%, Ph. .6/1.0%, Su. .05% max., C. 3.0/4.0%. Loan 7; U.S. source. S/A No. RM 039703. Credit amount, $14,994. Bid deadline Oct. 15. Imperial Foundry & Workshop, 82 Railway Rd., Lahore. Cable: FOUNDRY, Lahore.

☆ Pig iron; steel slabs and blooms; m.s. sheets, cold rolled, pickled and oiled; m.s. plates; bright drawn hex. freecutting steel bars, SAE 1113 or MC-C.1211, bright drawn round free cutting steel bars, SAE 1113 or MC-C-1213; bright drawn round steel bars SAE 1113 or MC-C.1213; case hardening chromium alloy hot rolled steel for hard cams. Loan 7; U.S. source. S/A No. RM 039704. Credit amount, $35,700. Bid deadline Oct. 17. M. Mohammad Hussain & Sons, Badami Bagh, Lahore 6. Cable: TRUTH, Lahore.★

☆ Pig iron, analysis, carbon 5.5/4.0%, Si. 2.5/3.0%, Ph. .75%, Su. .04%, Mn. .5/1.0%. Loan 7; U.S. source. S/A No. RM 039552. Credit amount, $5,607. Bid deadline Oct. 17. Universal Pipe Trading Co., 18 Brandreth Rd., Lahore.

☆ Pig iron, $10,500; alloy steel bars, to AISI 52-100 analysis, cold finished, ½ in. and 1¼ in., $924. Loan 7; U.S. source. S/A No. RM 039705. Credit amount, $11,424. Bid deadline Oct. 21. M. Abdul Majid & Sons, Diesel Engineers, Dil Mohammad Rd., Lahore. Cable: MATCHLESS, Lahore.

☆ Pig iron, analysis, Si. 2.75/3.20%, Ph. .5% max., Su. .05% max., Mn. .60/1.20%, Cr. 3.0/3.5%. Loan 7; U.S. source. S/A No. RM 039702. Credit amount, $10,-500. Bid deadline Oct. 21. The Crescent & Star Industrial Co., Ltd., G. T., Rd., Gujranwala, West. Cable: CRESCENT.

335 Rolling, Drawing, Extruding Nonferrous Metals

Germany

Asbestos scrap of electric cable industry, with brass or zinc cores only. Possehl Chemie und Isolierstoffe GmbH (importing distributor), Steinhoefft 11, Hamburg 11. WTD 1/9/62.

Italy

Light alloy sheets for marine construction. Cantieri Navali Italcraft, SNC (boat construction, maintenance, repair), Via F. Denza, 52, Rome.

Pakistan

Copper wire, wires and cables. Direct purchase and agency. Tijarat Agencies (importer, exporter, wholesaler, manufacturer's agent), 628 Muhammadi House, McLeod Rd., Karachi. WTD 12/29/61.

Thailand

☆ Service drop cable and aluminum tie wire. Loan 19; worldwide. Invitation No. PDC-MEA-137. Bid deadline Oct. 29. Purchase & Stores Division, Metropolitan Electricity Authority, 121 Chakraphet Rd., Bangkok. Cable: METEIE C. Copies of complete invitation to bid available from Financial Counselor, Embassy of Thailand, 2490 Tracy Pl., NW., Washington 8, D.C.★

342 Cutlery, Hand Tools, General Hardware

Italy

All types of marine hardware. Cantieri Navali Italcraft, SNC (boat construction, maintenance, repair), Via F. Denza, 52, Rome.

343 Heating Apparatus, Plumbing Fixtures

Honduras

Plumbing fixtures and accessories, such as toilets, showers, bath tubs, wash basins. Direct purchase and agency. Constructora Matamoros (building contractor), Barrio La Plazuela, Tegucigalpa, D.C. WTD 9/10/62.

345 Bolts, Nuts, Washers

Pakistan

● Bolts, nuts and washers, over 150,000 various sizes. Tender PT/DI/85/61, bid deadline Nov. 5. Controller of Stores, P. E. Railway, Pahartali, Chittagong, East Pakistan.★ (Telephone: WOrth 7-5589.)

348 Miscellaneous Fabricated Wire Products

Greece

● Conveyor chain, 1,000 bundles, processed malleable iron, breaking strength 27,000 tons, weight per bundle approx. 35 kg., approximate value, $54,700. Tender YL-LA-1187, bid deadline Oct 16. Public Power Corp., 30, Chalkokondyli St., Athens.★ (Telephone: WOrth 7-5589.)

349 Miscellaneous Fabricated Metal Products

India

☆ Tube expanders and spare gears for VU-30 type water tube boilers, safety valves, automatic feed water regulator, water gauges, ¾ in. valves on Scot-blower drain line, with permanent leak-off device, superheaters. Loan 217; U.S. source. IL#A - 597006/61/AU - DW/CCI/HD/TM. Ref. 65(10)/62-AID(1). Bid deadline Oct. 22. Textile Machinery Corp., Ltd., Belgharia, 24-Paraanas, West Bengal. Cable: TEXMACO, Calcutta.★

Pakistan

ACSR conductors, all aluminum conductors. Direct purchase and agency. Tijarat Agencies (importer, exporter, wholesaler, manufacturer's agent), 628 Muhammadi House, McLeod Rd., Karachi. WTD 12/29/61.

351 Engines, Turbines

Israel

☆ Caterpillar, or equal, #12 motor grader, series E, with diesel engine, electric starting system, 4D-5590, specifier 2D-4254, main trap, 6F-6522, jack 2B-9886, tire pump, 4D-5420, lighting system, 4D-3860, hydraulic brakes, 4D-3340, tire, 13.00, 24, 2-ply, front, 2D-4145, indicator, 7M-914, steering booster, 2D-4495, tool kit, 8M-9857. Loan 28; U.S. source. Sub-Authorization 28AID-4858. Bid deadline Oct. 15. Government of Israel Supply Mission, 850 Third Ave., New York 22, N.Y., Attention: N. Nisen. Tenders should refer to S/A No. and be prepared on basis of f.a.s.

U.S. port of exit. Delivery desired by December. Prices should be itemized and show both trade and cash discounts. Suppliers may devise own forms for submitting tender, in duplicate, to buyer.

Italy

Inboard and outboard marine engines. Cantieri Navali Italcraft, SNC (boat construction, maintenance, repair), Via F. Denza, 52, Rome.

Outboard marine engines for pleasure boats. Galliano Banchetti, Banchetti Sport (retailer), Via Principe Eugenio, 62, Rome.

353 Construction, Mining, Materials Handling Machinery, Equipment

Australia

● Coal loading installation including ship loaders, stockpile equipment, and railway marshalling and dumping equipment. Contract 62/64, bid deadline Jan. 7, 1963. Specifications and plans available from Maritime Service Board of New South Wales, Circular Quay West, Sydney, N.S.W. (Box 32, G.P.O., Sydney, N.S.W.) for $15.75 per set.★ (Telephone: WOrth 7-5589.)

Honduras

Concrete mixers, vibrators, pumps, and buckets or hoists. Direct purchase and agency. Constructora Matamoros (building contractor), Barrio La Plazuela, Tegucigalpa, D.C. WTD 9/10/62.

India

● Diesel-powered crawler-mounted 55-ton heavy-duty crane for Naharkatiya Thermal Project, Assam, India, with 90 ft. boom, invited by Chief Engineer (Civil), Assam State Electricity Board, Shillong, Assam, bid deadline 12 noon Oct. 15. Tender documents available without charge from India Supply Mission (D/ENQ/543), 2536 Massachusetts Ave., NW., Washington 8, D.C.

Diesel crawler-mounted dragline excavators: 10¾ cu. yds.; 10-11½ cu. yds.; 18-20½ cu. yds.; and 3-3½ cu. yds. Tender Project/13563-N(a) Excavators/I, bid deadline 11:30 a.m., Nov. 20. Tender documents available from India Supply Mission (Ref. No. D/ENQ/547), 2536 Massachusetts Ave., NW., Washington 8, D.C., for $2.10 each, not refundable.

● Director General of Supplies and Disposals, N.I. Bldg., Parliament St., New Delhi, for following machinery and equipment: (Ref. D/ENQ/549) 8 crawler tractors 90-110 hp. and 4 crawler tractors 205-239 hp., tender project/13563-N/(B)/C. Tractors/I, bid deadline 11:30 a.m., Nov. 22; and (Ref. D/ENQ/550) two 1½ cu. yd. dragline crawler-mounted fully revolving, powered by a 4-stroke diesel engine and fitted with 50 ft. boom and 10 ft. extension piece, tender project/2690-N(D)/Excavators/I, bid deadline 11:30 a.m., Nov. 16. Tender documents available from India Supply Mission, 2536 Massachusetts Ave., NW., Washington 8, D.C., at $2.10 each, not refundable.

● T. K. Kalia, Superintending Engineer, Procurement Circle, P.O. Nangal Township, Punjab, for construction machinery and equipment: (Ref. D/ENQ/530) 4 crawler or wheel tractor cranes, capacity 9,000 to 14,000 lb., bid deadline Nov. 12, tender 212/Beas/PR/4067; (Ref. D/ENQ/533) 56-13/18 cu. ft. yds. rear or bottom dump carriers, bid deadline Nov. 16, tender 215/Beas/PR/4121; (Ref. D/ENQ/534) 21-25/30 cu. yds. rear dump carriers, bid deadline Nov. 19, tender 216/Beas/PR/4122; (Ref. D/ENQ/535) 7 diesel shovel 2½ cu. yd. with dragline combination, bid deadline Nov. 21, tender 217/Beas/PR/4123; Ref. D/ENQ/536) 6 electric 2½ powered shovel excavators, bid deadline Nov. 22, tender 218/Beas/PR/4124; (Ref. D/ENQ/537) 18-200 hp. crawler tractors and attachments, bid deadline Nov. 26, tender 219/Beas/PR/4125; (Ref. D/ENQ/538) 4 crawler tractors 325/400 hp. and attachments, bid deadline Nov. 28, tender 200/Beas/PR/4126; (Ref. D/ENQ/539) 7 motor graders 115-125 hp., bid deadline Dec. 2, tender 221/Beas/PR/4127; (Ref. D/ENQ/540) 10-150 hp. crawler or construction type wheel tractors and attachments, bid deadline Dec. 5, tender 222/Beas/PR/4128; (Ref. D/ENQ/541) 4¾ tons pulled type vibrating rollers, bid deadline Dec. 7, tender 223/Beas/PR/4129. Brief specifications available free of charge from India Supply Mission, 2536 Massachusetts Ave., NW., Washington 8, D.C. Quote indicated reference number when making request.

Ivory Coast

Spare parts for heavy construction equipment; requests replies in French. Sovapia (importer), B.P. 4477, Abidjan. WTD 9/14/62.

354 Metalworking Machinery, Equipment

France

Automotive maintenance equipment for garages. Ets. M. Muller (manufacturer, wholesaler, exporter), 50-54 rue des Tournelles, Paris 3. WTD 8/24/62.

Germany

Brake service equipment, machines and tools for vehicle service stations, filling stations, and garages; prospectus material with f.o.b. Chicago or New York price quotations. ASG Autotest- und Service Geraete GmbH (manufacturer, importer, wholesaler), 19 Marienstr., Postfach 1411, Duesseldorf. WTD 9/13/62.

Italy

Steel processing machinery: 1 machine for strengthening and shearing coils from 3/10 mm. to 6 mm. thick and 2,000 mm. wide; 1 machine for shearing coils from 3/10 mm. to 3 mm. thick into strip and recoiling; requests catalogues and quotations c.i.f. Italian port. Leone Sonnino (processor), Via Antonio Pigafetta, 12, Rome.

South Africa

Riveting tools and accessories. Direct purchase and agency. U.M.E. (Pty.), Ltd. (importing distributor), 6 Beach Rd., Woodstock, Cape Town. WTD 9/3/62.

355 Special Industry Machinery

Burma

Burner-evaporator for processing salt from sea water. Burning either fuel oil or diesel oil and to be used with evaporating pan 8 ft. by 16 ft. Desires descriptive material and price quotations. U Tun Aye (contractor, importer, exporter, salt manufacturer), Managing Director, Burma Railway Hotel, Rangoon. WTD 9/7/62.

Chile

● One linotype or inter-type with feeder and 3 mould collections; 1 automatic press, mercury size; 1 automatic press, ½ mercury size; and 1 paper doubling machine, mercury size, for 4 creases; tender 80, bid deadline Oct. 19. Dirección de Aprovisionamiento del Estado, Casilla 24-D, Santiago. Specifications in Spanish.★ (Telephone WOrth 7-5589).

Ecuador

Machinery for manufacture of vinyl tiles; production capacity: 200,000 sq. meters annually; package plant deal; equipment to be designed for electric current of 3-phase, 220-volt, 60- or 100-watt transformer. Larsa (Laboratorios, Angecias y Representaciones, S.A.), (pharmaceutical laboratories), Pasaje Amador, Oficina A-11 or P.O. Box 398, Quito. WTD 8/20/62.

India

☆ Thirteen in. precision turret lathe swing over bed and saddle wings 13⅛ in. maximum collet, capacity 1-1/16 in. Loan 217; U.S. source. IL#EI/GL/MTC/64/DLF/362. Ref. 63(35)/62-AID(1). Bid deadline Oct. 22. Crescent Agencies Private, Ltd., 27/33 Medows St., Fort, Bombay 1.

☆ Milk pumps. Loan 217; U.S. source. IL # A.597401/61/AU - DW/CCI/HQ/RM. Ref. No. 65(2)/62-AID(1). Bid deadline Oct. 27. Larson & Toubro, Ltd., I. C. House, Dougall Rd., Ballard Estate, Bombay 1.★

☆ Semi-automatic thread grinding machine with multi-rib grinding wheel, with leader and traverse grinding with standard equipment and accessories. To be delivered at Patiala. Loan 144; world-wide. Ref. NSIC/HP/2D-2278/62. Bid deadline Oct. 20. The National Small Industries Corp., Ltd., Rani Jhansi Rd., New Delhi 1.

☆ Six-ton vertical broaching machine, hydraulically operated with all electrical controls, equipped with necessary jigs, fixtures and broaching needles. Loan 157; U.S. source. IL#AU/GL/MTC/52/DLF/361. Ref. 2(14)/62-AID-II. Bid deadline Oct. 28. Bajaj Auto, Ltd., 134 Dr. Annie Besant Rd., Worli, Bombay 18. Cable: AUTORISKSHA, Bombay-Worli,

Italy

Brewery equipment: bottle washing and filling machines, refrigeration equipment, tanks, boilers. Birra Moretti-Ditta Luigi Moretti (brewery), Viale Venezia 9, Udine. WTD 9/10/62.

Korea

☆ Dyeing machine, high temperature, dyeing and bleaching for synthetic fabrics, piece on beam, stainless steel; dye jigger, automatic and tensionless open width dyeing and bleaching machine; shearing machine, 2 burners, for singeing on both sides, auxiliary fire bricks radiating system; warping machine, sectional; sizing machine, multi-cylinder, for filament and spun rayon, silk and synthetic fiber yarns; pleating machine, jacquard permanent ruffle, high speed. Loan 94; worldwide. Invitation DLF-2103-P. Bid deadline Oct. 25. Office of Supply, Government of the Republic of Korea. Seoul. Copies of complete invitation to bid, with specifications, may be obtained from Procurement Officer, Korean Embassy, 2322 Massachusetts Ave., NW., Washington 8, D.C.★

Pakistan

● Two rice and wheat reconditioning machines, 2 sack cleaner machines, and 2 gunny sewing machines. Tender S-12/179, bid deadline Oct. 15. Director of Supply, Government of East Pakistan, E.P.I.D.C. House, Motijheel, Dacca.★ (Telephone: WOrth 7-5589.)

● Flour and feed mill machinery and equipment. Tender. S-12/180 bid deadline Oct. 15. Director of Supply, Government of East Pakistan, E.P.I.D.C. House, Motijheel, Dacca.★ (Telephone: WOrth 7-5589.)

Philippines

☆ Centrifugal casting machine, capable of making CCI pipes (centrifugally cast iron pipes) of diameters ranging from 12 in. to 24 in., in length of 6 meters; accessories for centrifugal casting machine; pig casting machine. Loan 59; worldwide. Credit amount, $250,000. Bid deadline Oct. 15. Filipino Pipe & Foundry Corp., Barrio Hulo, Mandaluyong, Rozal, where quotations are to be sent, copy furnished the Foreign Loans & Invest-

ments Office, Central Bank of the Philippines, Manila.★

Thailand

Machinery for processing and finishing leather, such as embossing and ironing machines, buffing machines, splitting machines, glazing machines sole leather rollers and others; accessories such as embossing plates engraved with various designs and in different sizes suitable for rolling type embossing machines. Thai Tanneries Union Trading Co., Ltd. (manufacturer), 196 Sukumvit Rd., Bangpoo, Smutprakarn. WTD 8/30/62.

Uganda

Complete plant and machinery for manufacture of corned beef; requests c.i.f. quotations; list.★ Fresh Foods, Ltd. (importer, exporter, wholesaler, retailer, manufacturer), P.O. Box 20020, Lugogo, Kampala.

United Arab Republic

Spinning, weaving and finishing machinery. Nazih Ahmed Amin, President, Board of Directors, The National Spinning and Weaving Co. (manufacturer), Karmouz, Alexandria.

● Dairy machinery and equipment; small modern dairy plant to be established; part of machinery and equipment has been purchased but tenders are invited for remainder for construction and equipping of complete dairy of 5 tons of milk per day capacity; bid deadline Oct. 15. Ministry of Local Administration, Planning and Research Dept., 2 Faskia St., Garden City, Cairo.★ (Telephone: WOrth 7-5589.)

356 General Industrial Machinery, Equipment

Australia

Semi-permanent structures for raising and lowering window cleaners' cradles. Star Machinery Pty., Ltd. (agent, manufacturer), P.O. Box 171, Mascot, N.S.W. WTD 1/18/62.

Hong Kong

Oil seals and used bearings from machines or motor vehicles. King Tah Steel Ball & Bearing Co. (importer, exporter, wholesaler, retailer), 15 Hing Lung St., Hong Kong. WTD 5/25/62.

India

☆ Ball bearings, SKF Part No. R.9, dimensions 26 by 9 by 8 mm., 4,800; 6200-2RS (sealed type), 30 by 10 by 9 mm., 3,500; 6201-1RS (sealed type), 32 by 12 by 10 mm., 3,500; 6202-2RS (sealed type), 35 by 15 by 11 mm., 6,800; 6203-2RS (sealed type), 40 by 17 by 12 mm., 6,900. Loan 157; U.S. source. IL#AU/GL/MTC/46/DLF/361. Ref. 2(15)/62-AID-II. Bid deadline Oct. 20. SKF ball bearings, or equivalent make. Loan 157; U.S. source. IL#AU/GL/MTC/93/DLF/361. Ref. 5(10)/62-AID-II. Bid deadline Oct. 20. Ralliwolf, Ltd., 21 Ravelin St., Fort, Bombay 1. Cable: RALLI, Bombay.★

● Rotary piston high vacuum pump, tilting furnace, tin mans stoves, spot welder and arbor press. Tender HE/BPL/GT/Mfg/6216/available from India Supply Mission (D/ENQ/556), 2536 Massachusetts Ave., NW., Washington 8, D.C., for $0.63. Bid deadline Oct. 16.

Iraq

● Mobile diesel pumping set, 1; to pump crude oil 34-36 API at 1,000 Imperial GPM with suction lift of 25 ft. and discharge head of 250 ft.; to be used in connection with repairs of 12-inch crude pipeline. Tender 37/62, bid deadline Nov. 10. Purchasing Committee, Government Oil Refineries Administration, Baghdad.★ (Telephone: WOrth 7-5589.)

Ireland

Automobile equipment such as spray guns and similar items, particularly items new to market. F. J. Cosgrave (manufacturer's agent), 32 Fergus Rd., Terenure, Co. Dublin.

New Zealand

● Reciprocating vacuum pump, motor driven, for tank cleaning, to have a piston displacement of 1,500 cu. ft./min., capable of attaining vacuum of 28 in. Hg. on closed inlet when exhausting to atmosphere with barometer at 30 in., while driving at 375 r.p.m. and absorbing 66 b.h.p. at flywheel. Tender S.M.Q. 8616, bid deadline Oct. 18. Stores Manager, Ministry of Works, P.O. Box 8024, Wellington. Tender and specification available from New Zealand. Senior Trade Commissioner in U.S., 1145 13th St., NW., Washington 6, D.C.

Pakistan

● Twelve trailer pumps, 600 G.P.M. with engine and other equipment. Tender S-8/14/19/Engg/62, bid deadline Oct. 15. Director of Supply, Government of East Pakistan, P.I.D.C. House, Motijheel, Dacca.★ (Telephone: WOrth 7-5589.)

358 Service Industry Machines

Canada

Domestic and commercial air conditioning equipment. Bruce Hudson (marketing agency), 420 Hidhurst Pl., British Properties, West Vancouver, B.C. WTD 5/11/62.

France

Measuring and dispensing pumps, grease guns, and other equipment for garages. Ets. M. Muller (manufacturer, wholesaler, exporter), 50-54 rue des Tournelles, Paris 3. WTD 8/24/62.

Germany

Grease guns; requests replies in German. Direct purchase and agency. Walter Guetling, Ingenieubuero (importer, wholesaler, manufacturer's agent), 13 Wienerstr., Stuttgart-Feuerbach. WTD 9/14/62.

361 Electric Transmission, Distribution Equipment

Greece

● Three-phase killowatt-hour recording and maximum demand meters (60), recording charts for these meters (1,200), 3-phase reactive energy meters (60). Bid deadline Oct. 23. Bids to be submitted in triplicate to Public Power Corp. Athens-Piraeus Division, 4 Korai St., Athens, Greece. Bid forms may be obtained from Public Power Corp. Inquiries should cite Number PAP/564.★ (Telephone: WOrth 7-2775.)

● Ammeters (800), milliammeters (600), galvanometers (500), voltmeters (800), volt-ohm-ammeters (200), variable resistors (200). Bid deadline Oct. 25. Bids to be submitted to Ministry of National Education and Religion (Supervisory Instruments Directorate), 50 Socrates St., 4th Floor, Athens, Greece. Copies of tenders and specifications available from Ministry. Inquiries should cite Invitation to Tender C/549/62.★ (Telephone: WOrth 7-2775.)

362 Welding Apparatus

Israel

☆ Hobart, or equal, Model DM-618-S D. C. arc welders, 2; volts for ammeter installed at factory, 2; control panel doors, #1081, 2. AID Loan 28. U.S. source. Sub-Authorization 791/1/323. Bid deadline Oct. 17. Tenders should refer to S/A no. and be prepared on basis of f.a.s. U.S. port of exit. Delivery desired by December. Prices should be itemized and show both trade and cash discounts. Suppliers may devise own forms for submitting tender, in duplicate, to buyer. Government of Israel Supply Mission, 850 Third Ave. New York 22, N.Y., Attention: N. Nisen.

Taiwan

☆ Silicon rectifier equipment for electrolysis of salt water use, D.C. 810 kw., a.c. 3,300 v., 60c/s, 3, consisting of indoor use enclosed ventilated silicon rectifier, indoor use immersed self cooled rectifier transformer, a.c. 3,300 v., 60c,3. Loan 47; world-wide. Credit amount, $16,300. Bid deadline Oct. 28. The Chang Hwa Commercial Bank, Ltd., on behalf of Cheng Tai Chemical Co., Ltd., 1748 Chung Cheng Rd., Taipei, where interested suppliers should apply for further information.

363 Household Appliances

Belgium

Gas water boilers and gas heaters for household use. Brunix (importer), 30 rue de la Vesdre, Verviers.

Iraq

● Oil cooking stoves, 400 and parts; tender ORD/77/1962, bid deadline 12 noon Oct. 31. Directorate of Contracts and Purchases, Ministry of Defense, Baghdad, Iraq.★ (Telephone: WO 7-5345.)

Venezuela

Stoves, washing machines, refrigerators, vacuum cleaners, mixers, toasters, fans; requests replies in Spanish. Vam, C.A. (importing distributor), Edificio Vam, Avenida Andres Bello, Caracas, Aptdo. 166. WTD 9/4/62.

364 Electric Lighting, Wiring Equipment

Honduras

Building materials for electrical installations in homes and office buildings. Direct purchase and agency. Constructora Matamoros (building contractor), Barrio La Plazuela, Tegucigalpa, D.C. WTD 9/10/62.

Italy

Marine electrical supplies. Cantieri Navali Italcraft, SNC (boat construction, maintenance, repair), Via F. Denza, 52, Rome.

Pakistan

● Hand signal lamps with kerosene oil burner and reservoirs 2,320; tender P8/GB2/23/62-63/ACST, bid deadline 12 noon Oct. 16. Director of Supply, Government of East Pakistan, E.P.I.D.C. House, Motijheel, Dacca.★ (Telephone WOrth 7-5345.)

365 Radio, Television Sets

Venezuela

Radios, television sets, record players; requests replies in Spanish. Vam, C.A. (importing distributor), Edificio Vam, Avenida Andres Bello, Caracas, Aptdo. 166. WTD 9/4/62.

366 Communication Equipment

Greece

● Supply and installation of PABX exchange with ultimate capacity of 500 lines and 30 trunk lines. Tender 310461/17643, bid deadline Oct. 29. Ministry of Trade, State Purchases Directorate B', 50 Socrates St., Athens. If contract awarded U.S. firm, procurement will be charged against AID Procurement Authorization.★ (Telephone: WOrth 7-4823.)

Italy

Electronic communication equipment for boats. Cantieri Navali Italcraft, SNC (boat construction, maintenance, repair), Via F. Denza, 52, Rome.

371 Motor Vehicle Parts

India

☆ Timing chains, clutches, timing gears, transmission gears, oil seals, water pump repair kit, carburetor parts. Loan 217; U.S. source. IL#E-224591/61. Ref. No. 60(167)/62-AID(1). Bid deadline Oct. 20. Howrah Motor Co. Private, Ltd., P-6 Mission Row Extension, Calcutta 1.★

☆ Cylinder assembly vacuum power brake, equivalent to Mopar No. 1507413; repair kit major (Mopar No. 1450452), brake parts, Jeep parts, fuel pump repair kits, carburetor parts, electrical parts, oil seals, U. J. kits, starter drive assembly, wheel discs. Loan 217; U.S. source. IL#E-265031. Ref. 60(337)/62-AID(1). Bid deadline Oct. 25, T. V. Sundram Iyengar & Sons Private, Ltd., W. Veli St., Madurai 1. Cable: MOTOR, Madurai.★

☆ Various Chevrolet motor parts. Loan 217; U.S. source. IL#E-265031. Ref. No. 60(337)/62-AID(1). Bid deadline Oct. 29. T. V. Sundram Iyengar & Sons Pvt., Ltd., West Veli St., Madurai 1. Cable: MOTOR, Madurai.★

Northern Ireland

Automotive accessories. Paddy Hopkirk, Ltd. (distributor), 12 Alfred St., Belfast 2.

Saudi Arabia

Automotive spare parts and accessories for standard U.S. motor vehicles. M. Nasair Albinali & Co. (importer, retailer, wholesaler, manufacturer, construction contractor), P.O. Box 2, Dammam. WTD 9/16/62.

381 Engineering, Laboratory, Scientific, Research Instruments

Italy

Navigation equipment for boats. Cantieri Navali Italcraft, SNC (boat construction, maintenance, repair), Via F. Denza, 52, Rome.

382 Measuring, Controlling Instruments, Except Automatic Temperature Controls

Republic of South Africa

● Strip chart recording-controlling temperature instrument (1), temperature indicating and controlling instrument (1). Tender F.T. 43026, bid deadline Oct. 17. Bids should be addressed to South African Mint, Pretoria. Tenders and specifications available from South African Mint.★ (Telephone: WOrth 7-2775.)

383 Optical Instruments, Lenses

Italy

Telescopic sights for sport rifles. Galliano Banchetti, Banchetti Sport (retailer), Via Principe Eugenio, 62, Rome.

384 Surgical, Medical, Dental Supplies

France

Industrial safety articles. Consortium pour la Fabrication de Materiel de Securite —COMASEC (manufacturer, wholesaler, exporter), 10 rue Montcalm, Paris 18. WTD 8/10/62.

Pakistan

● Miscellaneous hospital supplies consisting of blood transfusion sets, suture needles and suture clips, rubber gloves, hypodermic needles and syringes. Tender EPS/IV/276/Equip 62, bid deadline Oct. 17. The Director of Supply, Government of East Pakistan, E.P.I.D.C. House, Motijheel, Dacca.★ (Telephone: WOrth 7-2934.)

386 Photographic Equipment

Iraq

● Twenty-two 16-mm. movie projectors with optical and magnetic sound, all accessories, 220-volt, 50-cycle. Tender ORD/84/1962, Ministry of Defense, Baghdad. Bid deadline 12 noon, Oct. 24.★ (Telephone: WOrth 7-2778.)

Zanzibar

Photographic supplies. C. P. Jani & Sons (importer, retailer), 184, Changa Bazaar, P.O. Box 56, Zanzibar. WTD 4/30/62.

394 Toys, Athletic Goods

France

Toys, Sodinice "Superbazar" (retailer), 32 rue Pairoliere, Nice. WTD 9/6/62.

Italy

Fish equipment such as fishing rods, reels, lures, nets; equipment for underwater fishing; lifebelts, raincoats, rubber-air mattresses. Galliano Banchetti, Banchetti Sport (retailer), Via Principe Eugenio, 62, Rome.

International Representation

The firms listed below are interested in representing U.S. firms in the areas indicated. Exclusive distributorship for these commodities is wanted only if specified.

200 Food

Belgium

Vegetable oils, margarine, edible oils, sweets, biscuits, potato flakes, natural honey, jam, instant coffee; meat, fish and vegetable canned goods. J. Bibby & Sons (Belgium), (importer, distributor), 57 rue Capouillet, Brussels. WTD 4/19/62.

Ireland

Canned foodstuffs, rice. International Corp., (manufacturer's agent acting on commission basis), 158 Castle Ave., Clontarf, Dublin. WTD 9/14/62.

Ivory Coast

Name brand canned food. Tamer Fakhry, S.A. (importing distributor), B. P. 1513, Abidjan. WTD 5/24/62.

Netherlands

All kinds of canned food including citrus and other fruit juices, seafood, dried fruits, edible nuts such as almonds, walnuts, filberts, pecans; honey. Jos. van Geyn N.V. (agent, importer), 99 Rechter Rottekade, Rotterdam 1. WTD 7/12/62.

Raw materials for foodstuff industry and bakeries.

Foodstuffs and other groceries for foodstuff wholesalers, chain stores, supermarkets and self-service shops (exclusive agency). L. H. van Hertzfeld N.V. (importer, wholesaler, transit trader, agent), 155 Maaskade, Rotterdam 1. WTD 3/15/61.

203 Canning, Preserving Fruits, Vegetables, Seafoods

Netherlands

Dried and canned fruits. Felix Cohen N.V. (importer, exporter, wholesaler, transit trader), 36 Mauritsweg, or P.O. Box 196, Rotterdam. WTD 7/30/62.

Dried and canned fruits, tomato products. E. van de Sandt N.V. (agent), 206 Straatweg, or P.O. Box 1027, Rotterdam 13. WTD 10/8/59.

204 Grain Mill Products

France

Feed products for fishes and birds. DAFNIE (importer, wholesaler) 6 rue de Fecamp, Paris 12e.

220 Textile Mill Products

France

Knitted or woven fabrics, materials for clothing industry, of novelty character. Alfinex (manufacturer's agent), 9 rue de Clichy, Paris 9e.

Ireland

Piece goods for ladies' and men's outerwear, shirtings, of cotton, wool and synthetic fibers. T. Textiles, Ltd. (manufacturer's agent), 44 Lr. Leeson St. Dublin. WTD 9/17/62.

Cotton piece goods, interlinings, knitted nylon fabrics, flocks, flannelette; c.i.f. prices Dublin. Mooney Hayes & Co. (Gloves), Ltd. (manufacturer, manufacturer's agent, importing distributor), 13 Upper Fownes St., Dublin.

General line of textiles. International Corp. (manufacturer's agent acting on commission basis), 158 Castle Ave., Clontarf, Dublin. WTD 9/14/62.

Northern Ireland

Cotton and synthetic fabrics, printed or plain. Balholm Swiss Embroidery Works (manufacturer, embroiderer, import agent), 11/17 Conlon St., Belfast 13.

225 Knitwear

Ireland

Ladies' and children's knit outerwear. T. Textiles, Ltd. (manufacturer's agent), 44 Lr. Leeson St., Dublin. WTD 9/17/62.

230 Apparel

Ireland

Infants' outerwear; laides' gloves; ladies' and children's outerwear; ladies' foundation garments. T Textiles, Ltd. (manufacturer's agent), 44 Lr. Leeson St., Dublin. WTD 9/17/62.

232 Men's, Youths', Boys', Furnishings, Work Clothing

Ivory Coast

Name brand men's shirts. Tamer Fakhry, S.A. (importing distributor), B. P. 1513, Abidjan. WTD 5/24/62.

243 Millwork, Veneer, Plywood, Prefabricated Structural Wood Products

Ireland

Window frames, sliding windows and doors, show case (display) fittings and associated building industry equipment for which supplying and fitting of glass is required in construction of homes, factories, warehouses and department stores. Myra Glass Co., Ltd. (manufacturer's agent), 52 New St. Dublin. WTD 7/16/62.

283 Drugs

France

Veterinary products for fishes and birds. DAFNIE (importer, wholesaler) 6 rue de Fecamp, Paris 12e.

Pakistan

Pharmaceuticals. Exclusive agency. S. Abdul Rahman & Sons (manufacturer's agent, wholesaler), P.O. Box 4222, Bunder Rd., Karachi 2. WTD 7/8/60.

284 Soap, Detergents, Cleaning Preparations, Perfumes, Cosmetics

France

Cleaning products of novelty character. Alfinex (manufacturer's agent), 9 rue de Clichy, Paris 9e.

Netherlands

Soap, detergents, cleaning preparations. Exclusive agency. L. H. van Hertzfeld N.V. (importer, wholesaler, transit trader, agent), 155 Maaskade, Rotterdam 1. WTD 3/15/61.

322 Glass, Glassware

France

Laboratory glass apparatus and laboratory glassware, graduated and other types. Verreries d'Aquitaine (wholesaler, sales agent, distributor), 19 Allees de Chartres, Bordeaux, Gironde. WTD 8/1/62.

326 Pottery, Related Products

Chile

Chinaware. Morrison & Cia., S.A.C. (importer, exporter), 1481 Moneda, Santiago. WTD 9/5/62.

331 Steel Mill Products

Pakistan

Tubular poles; railway track material, rails, steel sleepers, bearing plates, fish plates, points and crossing, springs, buffers, vacuum brake fittings, dog and round spikes. Tijarat Agencies (importer, exporter, wholesaler, manufacturer's agent), 628 Muhammadi House, McLeod Rd., Karachi. WTD 12/29/61.

342 Cutlery, Hand Tools, General Hardware

Chile

Tools, builders' hardware. Morrison & Cia., S.A.C. (importer, exporter), 1481 Moneda, Santiago. WTD 9/5/62.

Ireland

Builders' hardware. Desmond McGivern (manufacturer's agent), Springfield, Bray Rd., Cornelscourt, Foxrock.

344 Fabricated Structural Metal Products

Ireland

Window frames, sliding windows and doors, show case (display) fittings and associated building industry equipment for which supplying and fitting of glass is required in construction of homes, factories, warehouses and department stores. Myra Glass Co., Ltd. (manufacturer's agent), 52 New St., Dublin. WTD 7/16/62.

352 Farm Machinery, Equipment

Angola

Agricultural implements to complete line of tractors firm already handles. SOLANA—Sociedade Angolana de Comercio, Lda. (importer, distributor), Caixa Postal 2640-C, Luanda. WTD 11/15/60.

Chile

Agricultural machinery and equipment. Morrison & Cia., S.A.C. (importer, exporter), 1481 Moneda, Santiago. WTD 9/5/62.

Saudi Arabia

Small farm equipment and supplies. Salamat Ali Khan (importer, retailer, exporter, wholesaler, commission agent), P.O. Box 117, Alkhobar. WTD 9/16/62.

353 Construction, Mining, Materials Handling Machinery, Equipment

Angola

Lift trucks; requests; brochures, price lists. SOLANA—Sociedade Angolana de Comercio, Lda. (importer, distributor), Caixa Postal 2640-C, Luanda. WTD 11/15/60.

Germany

Winches used in tuna fishery. Herbert Schuette (sales agent), Herzogenkamp 15, Bremen-Horn.

Ireland

Non-agricultural mechanical handling equipment of all types. R.W. Archer & Co., Ltd. (automobile agent), Sandwith St., Dublin.

355 Special Industry Machinery

Netherlands

Machines for clothing industry. Exclusive distributorship. N.V. Reineveld (importer, sales agent), 89 Stationsweg, P.O. Box 1036, The Hague. WTD 9/11/62.

New Zealand

Equipment and methods for processing instant whipped potato powder; packaging, with long shelf-life potential, for retail packs of instant whipped potato powder. J.B. MacEwan & Co., Ltd. (manufacturer's agent, manufacturer), 37-39 Anzac Ave (P.O. Box 1984), Auckland, C.1. WTD 11/14/61.

Northern Ireland

Textile machinery and equipment. Balholm Swiss Embroidery Works (manufacturer, embroiderer, import agent), 11/17 Conlon St., Belfast 13.

356 General Industrial Machinery

Chile

Industrial machinery. Morrison & Cia, S.A.C. (importer, exporter), 1481 Moneda, Santiago. WTD 9/5/62.

Morocco

Bearings for both European and U.S. make vehicles and stationary engines. Exclusive agency. Ets. Max Assidon et Cie., (wholesaler, retailer), 26 rue de Khouribga, Casablanca.

Qatar

Water pumps, small and medium sizes with diesel engines, for shallow and deep water wells. Abdulla Abdulghani & Bros. (importer, wholesaler, construction contractor), P.O. Box 111, Doha. WTD 9/2/62.

358 Service Industry Machines

Netherlands

Vending machines for cold and hot drinks; soap vending machines for use in coin operated laundries. Exclusive distributorship. N.V. Reineveld (importer, sales agent), 89 Stationsweg, P.O. Box 1036, The Hague. WTD 9/11/62.

Qatar

Air conditioners, window units, 1 and 2 hp. Abdulla Abdulghani & Bros. (importer, wholesaler, construction contractor), P.O. Box 111, Doha. WTD 9/2/62.

361 Electric Transmission, Distribution Equipment

Pakistan

Electric meters; transformers, switchgears. Tijarat Agencies (importer, exporter, wholesaler, manufacturer's agent), 628 Muhammadi House, McLeod Rd., Karachi. WTD 12/29/61.

362 Electrical Industrial Apparatus

Pakistan

Generating sets. Tijarat Agencies importer, exporter, wholesaler, manufacturer's agent), 628 Muhammadi House, McLeod Rd., Karachi. WTD 12/29/61.

363 Household Appliances

Qatar

Domestic electric refrigerators and freezers, 7-9 cu. ft. sizes. Abdulla Abdulghani & Bros. (importer, wholesaler, construction contractor), P.O. Box 111, Doha. WTD 9/2/62.

Saudi Arabia

Household appliances. Salamat Ali Khan (importer, retailer, exporter, wholesaler, commission agent), P.O. Box 117, Alkhobar. WTD 9/16/62.

365 Radio, Television Sets

France

Television sets, tape recorders. Brockliss-Simplex (importer, exporter, agent), 6 rue Guillaume Tell, Paris 17. WTD 8/22/62.

366 Communication Equipment

Pakistan

Telecommunication equipment, transmitters, receivers and wireless sets. Tijarat Agencies (importer, exporter, wholesaler, manufacturer's agent), 628 Muhammadi House, McLeod Rd. Karachi. WTD 12/29/61.

Venezuela

Radio transmitters and receivers and parts. Antonio M. Crespo—"American Radio Shop" (importing distributor), Aptdo. 3831, Edificio Guernica, Pte. Hierro a Pte. Sucre, Caracas. WTD 9/4/62.

367 Electronic Components, Accessories

France

Tools or components for nuclear electronics. Etablissements Vilber-Lourmat (manufacturer, importer, exporter, wholesaler, retailer, agent) 83 rue Robillot, Paris 13. WTD 8/23/62.

371 Motor Vehicles, Equipment

Canada

Assessories for motor vehicles. Eric D. Greenlaw & Co. (manufacturer's agent), 90 Keefer St., Vancouver 4, B.C. WTD 9/11/62.

Qatar

Midget and omnibus cars, especially those that can be used as city taxi cabs. Abdulla Abdulghani & Bros. (importer, wholesaler, construction contractor), P.O. Box 111, Doha. WTD 9/2/62.

373 Ship, Boatbuilding, Repairing

England

Wishes to serve as broker or agent for sale or purchase of ships. S.C. Chambers & Co., Ltd. (ship owners), 11 Old Hall St., Liverpool 3. WTD 9/18/62.

Qatar

Launches and sport motor boats, 5-10 person capacity with diesel and gasoline operated engines. Abdulla Abdulghani & Bros. (importer, wholesaler, construction contractor), P.O. Box 111, Doha. WTD 9/2/62.

374 Railroad Equipment

Pakistan

Railway wagons, components. Tijarat Agencies (importer, exporter, wholesaler, manufacturers' agent), 628 Muhammadi House, McLeod Rd., Karachi. WTD 12/29/61.

386 Photographic Equipment, Supplies

France

Movie and photographic equipment. Brockliss-Simplex (importer, exporter, agent), 6 rue Guillaume Tell, Paris 17. WTD 8/22/62.

387 Watches, Clocks

Ireland

Watches and clocks. International Corp. (manufacturer's agent acting on commission basis), 158 Castle Ave., Clontarf, Dublin. WTD 9/14/62.

394 Toys, Athletic Goods

Ireland

Toys and games. International Corp. (manufacturer's agent acting on commission basis), 158 Castle Ave., Clontarf, Dublin. WTD 9/14/62.

396 Costume Jewelry, Novelties

Ireland

Costume jewelry. H. Ross (importing manufacturer's agent), 7 Market Lane, Patrick St., Cork. WTD 7/17/62.

399 Miscellaneous Manufacturing Industry Products

France

Gadgets of novelty character. Alfinex (manufacturer's agent), 9 rue de Clichy, Paris 9e.

Bird shop supplies. DAFNIE (importer, wholesaler), 6 rue de Fecamp, Paris 12e.

Ireland

Ornamental goods such as trays, leather items, figurines, souvenir-type goods, plaques, scenes and novelty items. Arran Agencies, Ltd. (manufacturer's agent), 14 Arran Quay, Dublin. WTD 7/16/62.

Ireland

Novelty items. International Corp. (manufacturer's agent acting on commission basis), 158 Castle Ave., Clontarf, Dublin. WTD 9/14/62.

505 Raw Material Farm Products

Venezuela

Raw skins. Krentzien & Petersen, C.A. (manufacturer's agent, commission merchant), Edificio Manhattan, Piso 5, Ofc. 502, Esquina El Cufi, Caracas, Aptdo. 1426. WTD 8/13/62.

Leads for Importers

Commodities are offered direct unless specified.

225 Knitting Mill Products

France

Men's and women's wearing apparel, pants, shirts, and shorts. Société Mediterraneenne de Confection (manufacturer), 8 rue Antoine Gautier, Nice. WTD 9/7/62.

228 Yarn, Thread Mill Products

India

Art silk viscose lining fabrics. Ambika Silk Mills Co., Ltd., 11-12 Haines Rd., Mahaluxmi, Bombay No. 13. WTD 3/26/62.

249 Miscellaneous Wood Products

Portugal

Straight and tapered corks, cork handles for fishing rods, corkwood, cork waste (C1, C2, C3, recut), agglomerate cork discs, cork for table tops, wall coverings. Jose Alexandre Estrelo, Sucrs. to Avern & Bucknall (Corks), Ltd., Rua Gregorio Mascarenhas, Silves, or P.O. Box 25, Silves (manufacturer, exporter). WTD 12/19/61.

251 Household Furniture

France

Tubular kitchen furniture (nickel and copper, chrome) of very good quality such as kitcnen tables (with plastic tops), and kitchen chairs and stools. "Le Tubmenager" (Société), rue de Concise, Montmorillon, Vienne (manufacturer, wholesaler and exporter). Catalogs available from company upon request. WTD 8/2/62.

306 Fabricated Rubber Products

Japan

Rubberized cloth for car sheet, upholstery, bag, manufacturing shoes, sandals, clothes. Banno & Co., Ltd., 56, 2-Chome Bingomachi, Higashi-Ku, Osaka. WTD 5/22/58.

319 Leather Goods

Argentina

Leather products for personal protection in industry, such as work gloves, aprons, sleeves. C.O.S.A.R.I., Bouchard 432, Buenos Aires. WTD 1/15/62.

Japan

P.V.C. leather cloth for car sheet, upholstery, bag, manufacturing shoes, sandals, clothes. Banno & Co., Ltd., 56, 2-Chome, Bingomachi, Higashi-Ku Osaka. WTD 5/22/58.

335 Rolling, Drawing, Extruding of Nonferrous Metals

Germany

Knitted mesh round of aluminum and copper wires and galvanized iron wires and pressed parts for filtering air, oil, made of such mesh. Leichtmetall-Drahtwerk Hermann Gutmann, (13A) Weissenburg, Nurnberger Strasse 57-61. Nurnberg. WTD 8/16/61.

348 Miscellaneous Fabricated Wire Products

Japan

Springs, all types. Koyo Bussan Co., Ltd., Sankyo Bldg., 3-chome, Kabutocho, Nihonbashi Chuo-Ku, Tokyo. WTD 7/30/59.

398 Miscellaneous Manufacturing Industry Products

Japan

Caskets. United Specialties Co., Ltd., 4 Nishi-Fukuda-cho, Kanda, Chiyoda-ku, Tokyo. WTD 3/23/62.

504 Groceries, Related Products

France

Canned goods in tin boxes, glass jars, or earthenware vessels, such as "cepes" and "chanterelles" (mushrooms); truffles; "foies gras" (goose liver), and meat pies. Etablissements Rougie-Vivies, Souillac, Lot (packer, wholesaler, exporter). WTD 9/15/61.

509 Beer, Wine, Distilled Alcoholic Beverages

Germany

White and red still wines of German origin, first class. M. Henke & Co., Sternwartenweg 34a, Kiel (export agent). WTD in preparation.★

599 Gift Shop Items

Mexico

Wholesale shipments of Mexican arts and crafts, including hand-tooled leather goods, ceramics, wood, tin, silver and copper ware, onyx wrought iron. Contex, S. de R.L. Nuevo Leon 260, Aptdo. Postal No. 959, Mexico 1, D.F. (wholesaler). Catalog available. WTD 8/27/62.★

Visiting Buyers and Officials

Scheduled arrival dates and U.S. addresses indicated.

England

Charles Cornelius Elsom, representing Rollins & Sons (London), Ltd., 41 Tower Hill, London, E. C. 3, interested in visiting their **handle suppliers** and endeavoring to promote sales of British made tools in U.S. Sept. 24 via New York for 4-5 weeks; c/o John G. Rollins & Sons, 24 Stone St., Rooms 1504-6, New York 4, N.Y. Itinerary: Pennsylvania, Ohio, Tennessee, Kentucky, Arkansas, Virginia, Alabama Indiana, New York.

E. R. Perry, representing Delaney Galley, Ltd., Vulcan Works, Edgware Rd., Cricklewood, London, N.W.2, interested in exchange of views regarding **high temperature and aluminum flux bath brazing** and attendance at American Society for Metals —World Metal Show. Oct. 13 for 3 weeks; c/o New York Convention and Visitors Bureau, Inc., 19 E. 42nd St., New York 17, N.Y. Itinerary: Detroit, Chicago, San Francisco, Los Angeles, Knoxville, Cincinnati, Indianapolis, Dayton, Colombus, Pittsburgh, New York, Philadelphia.

G. Vaughan, representing Semtex, Ltd., Brynmawr, Brecs, interested in exchanging information with commercial, manufacturing and research organizations dealing directly or indirectly with **plastic and rubber products** used in building industry, particularly flooring. Sept. 29 via New York for 3 weeks; c/o William P. Flanders, 295 Madison Ave., New York 17, N.Y. Itinerary: New York, Newburgh, Salem, Wilmington, Trenton, Boston, Toronto, Hamilton, Cleveland, Akron, Jeanette, Pittsburgh.

France

Daniel Martin, representing Etablissements Daniel Martin, 7 rue Chinard, Lyon (5), (B.P. 15), Lyon (5), interested in importation into France of ready-made **shirts** of all types for men and boys, also exportation of various **hosiery articles.** Sept. 17 via New York for 20 days; c/o Park Sheraton Hotel, 870 Seventh Ave., New York, N.Y. Itinerary: New York, Dayton.

Germany

Wolfgang Franke, representing Hawig Maschinenfabrik GmbH., Bensheim a.d. Bergstrasse, Schwanheimerstrasse, interested in export and import of small **centrifugal pumps** and **floor maintenance equipment.** Oct. 10 via New York for 4 weeks; 1010 Mayfair Way, Plainfield, N.J. Itinerary: New York and southern states.

Japan

Taro Nakanishi, managing director, Technology Department, representing Nihon Tokushu Toryo Co., Ltd., 14 Oji 5-chome, Kita-ku, Tokyo, interested in visiting plants producing **paints, pigments, synthetic resins and allied chemicals.** Oct. 8 via Los Angeles for 3 weeks; c/o Mr. Tamiya, C. Itch & Co. (America), Inc., 38 S. Dearborn St., Chicago 3, Ill. Itinerary: Minneapolis, Chicago, St. Louis, Washington, D.C., Wilmington, Buffalo, Detroit, San Francisco.

Libya

Mohamed Khalil Tatanaki, representing Tatanski Bros., P.O. Box 185, Benghazi, interested in **roadmaking and construction equipment.** First week of Oct. via New York for approximately 7 months; c/o Libyan Embassy, Washington, D.C. Itinerary: Washington, Chicago, Milwaukee, Detroit, New York.

Norway

Ivar Asting, director, representing Ivar Asting A/S, 69 Oscarsgate, interested in purchasing: licenses or know-how for manufacture of **ready-made goods** where pressure sensitive or self-adhesive materials represent basic material; small **printing presses** for pressure sensitive label stock; **dispensers** for same; **printing inks** for pressure sentitive material; small **slitting units** for same material; **heat and cold embossing presses; die cutters** for same materials. Oct. 7 via Cleveland for 2 weeks; Morgan Adhesives Co., 4560 Darrow Rd., Stow, Ohio. Itinerary: Minneapolis, St. Louis, New York.

Saudi Arabia

Kemal Iskander, representing Saudi Refreshment & Industry Co., P.O. Box 207, Jidda, interested in **flavoring extracts** for use in soft drinks, ice plants, technical assistance in establishing small factories for plastics and bottle caps and requesting technical information on manufacturing and processing flavors for ice cream and soft drinks, caps for bottles, ice cream manufacture. About Oct. 1 via New York for 2 months; c/o Coca Cola Export Corp. Itinerary: New York, Chicago, Milwaukee, Kansas City, San Francisco, Fort Worth, Atlanta, Jacksonville, Baltimore, Philadelphia.

Sweden

Ragnar Aller, representing AB Hakon Swenson, Vasteras, interested in contacting growers and exporters of **fresh fruit,** expecially citrus fruits, apples, pears and grapes. Sept. 24 via New York for 4 weeks; c/o U.S. Department of Commerce Field Office, Room 1302, 226 W. Jackson Blvd., Chicago 6, Ill. Itinerary: Rochester, Washington, D.C., Richmond, Tampa, Houston, Phoenix, Los Angeles, San Francisco, Portland, Seattle and Chicago.

Rune Anderson, representing Foam Rubber Co. AB (Forco AB), Tibro, Sweden interested in contacting and visiting manufacturers of **house trailers** (caravans) and **polyether** and would like to discuss license production of house trailers in Sweden. Sept. 23 via Los Angeles for 5 weeks; c/o U.S. Department of Commerce, Room 450, Western Pacific Bldg. 1031 S. Broadway, Los Angeles 15, Calif. Itinerary: Los Angeles, San Francisco, Seattle, Dallas, Omaha, Chicago, Washington, D.C., New York.

Trinidad

Shyam M. Ramchandani, representing Indian Commercial Co., 17 Henry St., Port of Spain, interested in contacting export managers of mills handling **cotton fabrics and drills; denims; shirtings;** and **sheetings.** Also **synthetic fabrics,** gentlemen's suitings, and lingerie fabrics. Oct. 8 via New York for 1 week; c/o Nosawa & Co. Ltd., 180 Madison Ave., Room 1200, New York, N.Y. Itinerary: New York.

United Arab Republic

Nazih Ahmed Amin, representing the National Spinning and Weaving Co., Karmouz, Alexandria, interested in purchasing spinning, weaving and finishing machinery, and receiving new ideas on plant management, up-to-date machinery and increased production methods. On or about Oct. 1 for 23 days; c/o Public Relations Office, Trans-World Airlines, New York, or Washington, D.C., or U.A.R. Embassy, Washington, D.C., or U.A.R. Consulate General, New York.

Telecommunication cable bids invited by India

India has invited sealed bids for 220 kilometers of telecommunication cables and accessories along electrified railway tracks.

Bid deadline for tender P/SE-3/7340-N/I is 1 p.m. (IST) Nov. 16. Bids should be sent to the Director General of Supplies and Disposals, N.I. Building, Parliament St., New Delhi.

Tender document designation D/ENQ/553 may be obtained from the India Supply Mission, 2536 Massachusetts Ave., N.W., Washington 8, D.C., for $2.10 each, not refundable.

New Zealand seeks bids for receiving tubes

The New Zealand Senior Trade Commission in the U.S. seeks tenders for a large quantity of various type electron receiving tubes for the New Zealand Civil Aviation Commission in Wellington.

Closing date for the bid under tender CAQ 155/62 is Oct. 26.

Copies of the specification including terms and bidding instructions are available from the Trade Commission Office, 1145 19th St., NW., Washington 6, D.C.

Interested firms can review the specifications and bidding instructions in the Electronics Division, BDSA, Room 4125, U.S. Department of Commerce, Washington 25, D.C. (Telephone: WO 7-2334).

U.A.R. extends bid date for castor oil mill

The U.A.R. has extended the bid deadline for the supply and erection of a castor oil mill at El Arish. The date has been extended from Sept. 20 to Oct. 20 (see Foreign Commerce Weekly, June 6, page 1015).

Capacity of the mill is to be 10 tons daily of castor seeds. Complete plans of building and equipment with all auxiliaries and accessories should be submitted to The General Organization for Executing the 5-Year Industrial Plan, 6 Khalil Agha St., Garden City, Cairo, and must be accompanied by a provisional deposit of 2% of the value of the contract.

Additional information is available on loan to U.S. firms in the U.S. from the General Industrial Equipment and Components Division, BDSA, U.S. Department of Commerce, Washington 25, D.C., Telephone WOrth 7-5589.

Construction Projects

Supplementary information on items followed by (★) and on NATO projects is available to U.S. firms domiciled in the United States from the Trade Opportunities Staff, Business and Defense Services Administration, U.S. Department of Commerce, Washington 25, D.C., or telephone WO 7-4674 in Washington.

U.S. firms not already certified to participate in NATO bidding should send a résumé of their qualifications to the Trade Opportunities Staff, as described in the brochure on the NATO international competitive bidding program, available from that division.

A list of heavy construction projects and a list of building projects published during the second quarter of 1962 is available on loan. ★

ECUADOR—Consejo Provincial de Pichincha, Quito, planning construction of 1,800 ft. electric funicular transport system for Panecillo Hill, near Quito. Offers, including specifications and references, should be submitted to Embassy of Ecuador, 2204 R St. NW., Washington 8, D.C.

GREECE—Public Power Corp., Athens, has announced that $23.3 million (700 million drachma) bond issue will be floated in October. Funds will be used to help finance Acheloos River hydroelectric project.

ISRAEL—Government reportedly will try to obtain $22 million loan from International Development Association to finance foreign exchange costs of £198 million project (£1=$2.24) for reclaiming flood water and sewage, prepared by Israel Water Planning Authority.

LEBANON—Parliament has passed law to relieve housing shortage for low-income groups. Housing Board within Ministry of Labor and Social Affairs will have supervisory responsibility, including defining of housing programs and specifications.

Plans for International Fair of Lebanon, at Tripoli, call for 750-meter building to house all exhibits. Also planned are tourist city, residential zones, tramway, and helicopter takeoff ground. Total cost estimated at $7,333,000 (£22 million).

Minister of Public Works has presented $2,667,000 (£8 million) project to Council of Ministers for improvements at Beirut International Airport and Kleiat Airport.

LIBYA—Ministry of Communications plans to establish modern telecommunications system with Tunisia and U.A.R. This will include line of sight microwave system from Tripoli to Tunisian border, and another from Derna to Egyptian border. Another plan envisions removal of troposcatter system now connecting Miserata-Sirte-Benghazi and substituting line of sight microwave system.

MEXICO—Government will invite bids on 7 stretches of highway from 41 to 141 kilometers and costing estimated $16 million. Preliminary screening of prospective bidders will be made on basis of replies to questionnaire included in descriptive booklet on subject. Completed questionnaire to be submitted before Nov. 1 to C. Secretario de Obras Públicas, Esq. Boulevard Xola y Ave. Universidad, Mexico 12, D.F., Republica Mexicana.

After reviewing questionnaires Secretariat of Public Works will prepare list of firms that will be invited to bid.

Interested U.S. firms may obtain booklet (to reproduce questionnaire) on loan from Trade Opportunities Staff, BDSA-111, Room 4018, U.S. Department of Commerce, Washington 25, D.C. (Telephone: WO 7-4675).

MOROCCO—Government of Morocco will finance construction of Rabat Hilton hotel. In overall charge of construction will be Mamoun Tahiri, Manager of Société Civile et Immobiliere du Chellah, 22 Place Lumumba, Rabat, Morocco. About $1 million worth of equipment and material will be imported.

MOZAMBIQUE—Government planned projects include a bridge over Zambeze River at Tete to cost about $2 million, wharves at Beria, pier extension at Lourenco Marques, and mechanical ore loading plant at Matola.

Governmental authorization given to Manuel Periquito Gomez Ascenso to construct wheat flour mill in Beira. Annual capacity will be 12,000 tons.

Robbialac Portuguesa, of Lisbon, Portugal, will erect paint and varnish plant in Machava, just outside Lourenco Marques. Factory, to be known as Robbialac Portuguesa de Mocambique, will be constructed by local firm.

New firm, Industrias Alimentares, Lda., Avenida de Mocambique, 56, Lourenco Marques, Mozambique, will produce processed food products, such as canned fruit, jam, biscuits and chocolates.

Authorization given to Fábrica de Malas de Mocambique to construct plant in Beira to produce up to 50,000 suitcases annually. Ahamad Esmail and Isse Bay Adam Mohomed principal directors of new company.

NICARAGUA—Construction expected to begin shortly under Housing Institute's plan for 2,850 houses, ranging in price from about $1,200 to $3,900. Total investment is $7.7 million, of which $5.2 will be from IDB Social Progress Trust Fund loan.

NIGERIA—Arrangements completed for financing sugar estate and mill to be built near Bacita by Nigeria Sugar Co., Ltd. Financial participation will include Nigerian Government and Nigerian and British institutional investors. Mill, with capacity of 30,000 tons a year, expected to start operations in late 1964.

PORTUGAL—Press report states Portugal would start construction of atomic power center in 1964, to be completed by 1967. No further details given.

TURKEY—Consideration being given to opening of new university in Edirne.

Construction of Keban Dam has been included in 5-year development plan.

New Trade Lists

Trade Lists help you find customers, agents, distributors, licensees, and sources of supply abroad. Each list gives names and addresses of firms handling a specific commodity in one country. It also contains a summary of basic trade and industry data and other useful market information. Lists of importers and dealers indicate relative size of each firm, method of operation, products handled, territory covered, and size of sales force. Lists of exporters and manufacturers show relative size or production capacity of each firm and the products handled.

Most of these lists are prefaced by a brief review of basic trade and industry data collected in making the compilations. All are dated August unless otherwise indicated.

The Commercial Intelligence Division has published the following new trade lists of which mimeographed copies may be obtained by firms domiciled in the United States from this Division and from Department of Commerce Field Offices. The price is $1 a list for each country.

Air Conditioning and Refrigeration Equipment Importers and Dealers—Costa Rica.
Air Conditioning and Refrigeration Equipment Importers and Dealers—Tunisia.
Aircraft and Aeronautical Equipment Importers and Dealers—New Zealand.
Automotive Vehicle and Equipment Importers and Dealers—Federal Republic of Germany and West Berlin.
Book, Magazine and Periodical Importers and Dealers—Bolivia.
Business Firms—Medeira Islands.
Business Firms—Viet Nam.
Chemical Importers and Dealers—Netherlands Antilles.
Chemical, Synthetic Organic Manufacturers—Spain, September.
Dairy Products—Panama.
Electronic Equipment for Home Entertainment, Phonograph Record and Prerecorded Magnetic Tape Importers and Dealers—Panama.
Farm Machinery and Equipment Importers, Dealers and Manufacturers—United Kingdom.
Feedstuff Importers, Dealers and Manufacturers—Federal Republic of Germany and West Berlin.
Furniture Manufacturers—Hong Kong.
Iron, Steel and Building Material Importers and Dealers—Costa Rica.
Medicinal and Toilet Preparation Importers, Dealers and Manufacturers—Mexico.
Metallurgical and Metal Working Plants—El Salvador.
Metallurgical and Metal Working Plants—Trinidad and Tobago.
Mining Companies and Exporters of Ores—Iran.
Petroleum Product Importers, Dealers, Producers and Refiners—El Salvador.
Photographic Supply Dealers and Photographers—Finland.

NEW WHARF

A new passenger wharf was inaugurated at Keelung, northern Taiwan's port city, in late July. The wharf can dock two 40,000 ton vessels at the same time.

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Calendar *for international traders*

October

6-21—State Fair of Texas; **Dallas, Tex.**

9—Trade Promotion Conference, **Louisville, Ky.** Sponsor: Cincinnati Field Office of U.S. Department of Commerce.

9-10—Boston Conference on Distribution, Statler Hilton Hotel, **Boston, Mass.** Sponsors: Boston College, College of Business Administration, Boston University, College of Business Administration; Harvard University, Graduate School of Business Administration; Massachusetts Institute of Technology, School of Industrial Management; Northeastern University, College of Business Administration; Retail Board of Trade, Greater Boston Chamber of Commerce.

10—Export Trade Orientation Program for Owners and Managers of Small Business, (1st of 9 evening meetings), Management Development Center, University of San Francisco, **San Francisco, Cal.** Sponsors: World Trade Center Authority; San Francisco Area World Trade Assn. of the S.F. Chamber of Commerce; Oakland Chamber of Commerce; San Francisco Port Authority; Marine Exchange, Inc.; National Federation of Independent Business, Inc.; Peninsula Manufacturers' Assn.; U.S. Small Business Administration; U.S. Department of Commerce.

10—Export Expansion Seminar-Workshop, **Kalamazoo, Mich.** Sponsors: Kalamazoo County Chamber of Commerce; U.S. Department of Commerce; Regional Export Expansion Council.

11-12—Pacific South West Credit Conference, Export Credit Managers Association, **Los Angeles, Cal.** Topic: "African as a market."

14-17—First Las Vegas National Import Show, Dunes Hotel, **Las Vegas, Nev.**

15-16—Export Credit Guarantee Program, World Trade Club, **San Francisco, Cal.** Sponsors: San Francisco Area World Trade Association; U.S. Department of Commerce.

16—Monthly Luncheon Meeting, International Executives Assn., Hotel Statler Hilton, **New York, N.Y.** Topic: "Alliance for Progress."

16—Meeting of Memphis World Trade Club, Hotel Claridge, **Memphis, Tenn.**

17—International Marketing Conference, Sheraton Motor Hotel, **Buffalo, N.Y.** Sponsors: Niagara Frontier Chapters-American Marketing Association, National Industrial Advertisers Association; Buffalo, Niagara Falls, Tonawanda, Dunkirk, Jamestown, Olean Chambers of Commerce; Western New York Regional Export Expansion Council.

18—Annual "Business Speaks" Dinner, Waldorf-Astoria Hotel, **New York City, N.Y.** Sponsor: New York Board of Trade, Inc. Guest Speaker: Gen. Lucius D. Clay.

18-19—Virginia World Trade Conference, Hotel John Marshall, **Richmond, Va.** Sponsors: Hampton Roads Foreign Commerce Club; Hampton Roads Maritime Assn.; Norfolk Port & Industrial Authority; Norfolk-Portsmouth Traffic Club; Peninsula Port & Industrial Authority; Richmond Export-Import Club; Tidewater Virginia Development Council; Virginia Highway Users Assn.; Virginia Pilot Assn.; Virginia Railway Assn.; Virginia State Chamber of Commerce; Virginia State Ports Authority; Women's Traffic Club of Norfolk-Portsmouth.

19—Seminar on Foreign Trade and World Markets, Plaza Hotel, **New York, N.Y.** Sponsor: National Assn. of Secondary Material Industries.

20—Export Trade Seminar, St. Louis Bar Assn., **St. Louis, Mo.**

22-23—Conference for Corporation Executives, Statler Hilton Hotel, **Washington, D.C.** Subject: "The Middle East Today." Sponsor: School of Advanced International Studies, Johns Hopkins University.

22-27—International Sugar Cane Mechanization Seminar of Louisiana, **Jeanerette, La.** Sponsor: J. & L Engineering Company.

24—World Trade Seminar, Yorktowne Hotel, **York, Pa.** Sponsors: York Chamber of Commerce; York Rotary Club; Lancaster Chamber of Commerce; Harrisburg Chamber of Commerce.

24—Profits in Export Conference, Schine Motor Inn, **Chicopee, Mass.** Sponsors: Joint Civic Agencies of Greater Springfield; Springfield Export Sales Managers Assoc.; Boston Field Office of the U.S. Department of Commerce.

24—Export Trade Seminar (Opening session of 6-week course), Jacksonville Area Chamber of Commerce, **Jacksonville, Fla.** Sponsors: Jacksonville Area Chamber of Commerce; Duval County Board of Public Instruction; U.S. Department of Commerce.

24—Hawaii Tourist Industry Conference, **Honolulu, Hawaii.** Sponsors: Hotel Management Division of the University of Hawaii; Chamber of Commerce of Honolulu; U.S. Small Business Administration; U.S. Department of Commerce.

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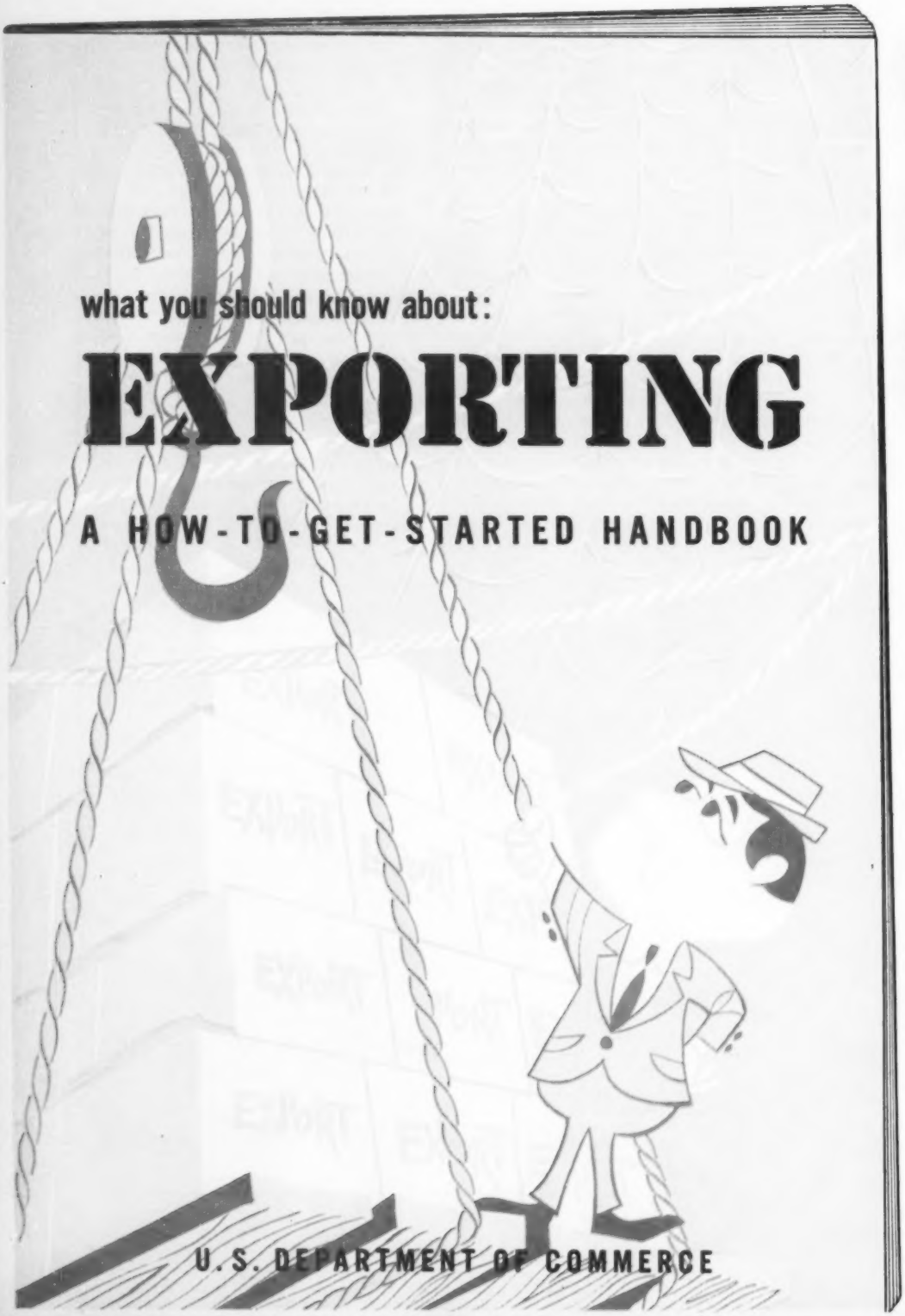

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